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A Credit Resolution for 1944

In every sound evaluation of the post-war world by men in industry and public life the importance of adequate credit is emphasized. We are truly living in an age of credit. Our national progress is dependent on it.

Unfortunately too many men who assume leadership have a fundamentally wrong concept of credit. Many believe it is something that can be legislated or distributed at will. Inquiry into the qualifications or worthiness of those who seek to have their credit accepted is too seldom considered.

Strictly speaking no one can give you credit—they can and do accept your credit. Credit is something you either have or you possess the qualifications to be entrusted with its use. It is your asset that you may or may not make productive by its employment.

When the acceptance of credit is predicated on a sound evaluation of your character, your credit performance, your capacity, your capital and the conditions of the times, then the acceptance of your credit is in most instances a real contribution to the progress of our civilization.

Credit is frequently employed improperly and credit in wrong hands can be as dangerous as dynamite.

The resolution of credit executives in the year ahead should be a pledge to do all in their power to evaluate their acceptance of credits on a sound basis. This is not only a businesslike resolution but it is business statesmanship of the highest order.

Henry H. Heimann

Henry H. Heimann

IF THE JAPS INVADED TOMORROW . .

Suppose you picked up your newspaper some morning and found that the Japs, in a lightning raid on the Pacific Coast, had fired a California city—and burned thousands of people alive! Suppose that you learned that among them were 2,200 children less than nine years old—wouldn't your blood boil? Wouldn't you be roused to a higher pitch of fighting spirit than you have ever been?

Yet—2,200 children under nine years of age *are* burned to death every year right here in the United States! But Carelessness, not the Japs, is the criminal.

And—it's a crime you can help stop.

Yes, you can help save thousands, tens of thousands of other lives . . . and help prevent damage to war plants, damage seriously retarding our war effort with losses that mere dollars cannot replace today. And, to make it more tragic, fire losses in 1943 were about 18.3% above the preceding year.

That's why fire prevention, *always* important, is *extra* important now. That's why, too, cutting down fire losses is the concern not only of every manufacturer and home owner, but of every citizen. And there is this final reason to make fire prevention your concern—over a period of time the smaller the losses the less the property owner will pay for his insurance protection. So, now of all times—

Be *extra* careful about fires!

EITHER CAN DO  THE ENEMY'S WORK

☆ THE HOME ☆

Insurance Company

NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

Lively Debate on Renegotiation to Mark Senate Consideration of Revenue Bill This Month

The month of January, from advance indications, should produce one of the liveliest debates in the United States Senate in recent years. This debate will center around the Revenue Bill of 1943. The Revenue Bill carries a proposed revision of the Renegotiation of War Contracts Act, and as the proposal submitted by the Senate Finance Committee under the chairmanship of Senator George goes much farther than the proposal as passed by the House of Representatives, there undoubtedly will be extended debate on this section of the Revenue Bill as well as that providing for raising an additional Two Billion Dollars or more in revenue.

To show how hot and furious the debate on the Renegotiation Measure may become we have only to refer back to the statement made on December 19th by Treasury Secretary Morgenthau who denounced the Renegotiation Revisions as "terrible" and said that the Renegotiation Law changes as proposed in the Senate Bill hold the seeds of a national scandal. He said further "the way matters stand now I think the Treasury would be better off if there were no tax bill."

While there has been no definite word from the White House to that effect, Treasury Secretary Morgenthau intimated in making the above statement as he emerged from a conference with President Roosevelt that he was voicing the opinion of the President and hinted that a veto might be the answer to the tax bill if enacted as it was introduced in the Senate.

Senator George Replies

SENATOR GEORGE and other members of the Senate Finance Committee did not seem disturbed over the pronouncement by Treasury Secretary Morgenthau and they replied to his statements with the assertion that the Senate Committee had presented its report after long study and extensive hearings and that the committee would stand on its report.

In the general statement on the subject of Renegotiation of War Contracts Senator George's Finance Committee outlined its position on the subject of Renegotiation quite clearly in the following statement:

"It is not believed that any other nation has relied upon a process of giving administrative authority to determine excessive profits according to the mere discretion of an administrative board other than through taxation and effective procurement means. In supplementing the taxing statute by such an innovation as that of empowering the executive departments thus to determine excessive profits, we must make it clear and definite that this power is exercised in a fair, equitable, and constitutional manner.

"The House bill represented a considerable improvement in this direction. Recognizing that the greater part, or in some cases, all, of these 'excessive profits' will be recaptured through taxation, we have endeavored to amend the existing law to make this statute operate in a fair, just, and equitable manner.

McKellar May Fight

SENATOR McKELLAR, Democrat of Tennessee, who was the author of the Renegotiation Act, has served notice that he is dissatisfied with the broad changes suggested in the report of the Senate Finance Committee and that he will engage in the lengthy debate on the report when it is taken up in the Senate after January 10th.

The manner in which the tax bill was put over until after Christmas recess is perhaps a new tradition in the annals of the Senate. In cloak room canvass it was determined that the majority of the members were agreeable to putting over final action on the tax bill until after the Christmas recess. However, one or two quite controversial matters were first taken care of so it was voted to continue the Commodity Credit Corporation for a period of days and also it was voted to freeze the Social Security Tax at its present level of one per cent. This left the enactment of the revenue levy and the vote on the Renegotiation Act as the only matters left open.

Representative Harold Knutson, Republican of Minnesota, ranking Republican member of the House Ways and Means Committee, replied to Treasury Secretary Morgenthau's statement that the Treasury would be better off without any new tax bill than to accept the one reported by the Senate Committee as follows:

Name Calling Already Starts

"IT is so easy for these swivel-chair bureaucrats to work out tax programs, but it is altogether another story with those who have to pay the bill. The Treasury proposals would run the American taxpayer through a wringer and would have left American industry prostrate, thereby making it impossible to re-employ in peaceful pursuits those now engaged in the war effort both on the battlefield and in the factory. I can well understand the Treasury's concern over the proposal to freeze the present Social Security Tax for another year. It will deprive the Administration of the use of $1,400,000 over and above the sums appropriated by Congress. While the tax bill

in its present form may not meet with approval of the Treasury Department, it is being hailed with approval by millions of harassed taxpayers in all parts of the country."

Godfrey G. Nelson, writing in the Sunday New York Times of December 26th, points out that while the Renegotiation Act was not intended to be a revenue measure nevertheless its operation has worked out that the Renegotiation Act is in fact a revenue measure. Mr. Nelson says:

"Whether we call the proceeds from its operation a recapture or recovery of excessive profits from Government contracts, such collections are in the nature of levies which cannot be equitably seized upon without giving consideration to our taxing laws. To disregard taxation in the process could result in sheer confiscation of what agents of the Government arbitrarily deemed to have been illegally acquired.

"This conclusion is tacitly admitted by the House Ways and Means Committee in their recommendations for changes in the Renegotiation Law now under consideration. Whether we call the recoveries 'excessive profits' or 'excess profits,' basic features of tax law must be taken into account if the recaptured amounts are to be fairly and justly arrived at."

Look Ahead to Compromise

DURING the Christmas recess Senator George, as chairman of the Senate Finance Committee, said that he recognizes that there is a broad difference between the report of his committee and the Renegotiation amendments as voted by the House of Representatives, so he says that he will urge the Senate to approve Renegotiation amendments which will "leave the utmost leeway to the Senate House Conference in working out changes in the present form of the Benet Control Statute. The Senator said that he had prepared "at least one and maybe more amendments to the Renegotiation Section as approved by the Finance Committee."

The chairman reported that he did this in order to keep the controversial issues open so that they might be adjusted by the Conference.

The Christmas holiday is scheduled to end on Monday, January 10th. Just how soon after that date the tax bill will be scheduled for debate depends on the regular formalities such as the annual message of the President on the State of the Union and the setting up of the Senate calendar.

The following is the text of the report made by the Senate Finance Committee on the matter of revision of the Renegotiation Act:

Renegotiation of War Contracts General Statement

The existing law has as its basic purpose the prevention of exorbitant and unconscionable costs of materials for war. To accomplish this purpose, the act not only gave authority to the departments charged with renegotiation to redetermine and refix prices, but also to recapture excessive profits on amounts already paid by the Government. This last power was an innovation in our system of government. In effect, it delegated to the departments concerned the power to determine excessive profits according to their discretion. The existing law provided no standards for this purpose. It defined excessive profits as "any amount of a contract or subcontract price which is found as a result of renegotiation to represent excessive profits." No recognition was given to the fact that a large part of excessive profits would have been recaptured through excess profits taxes. Furthermore, it was a recognition that the departments were unable in contracts for procurement of these materials to fix fair and reasonable prices. To a great extent this was difficult when we first entered the war, particularly with respect to new designs and demands for increased volume after contracts had been made. However, the statute included all materials and did not make provision that, when sufficient procurement experience had been gained, the responsibility for unreasonable costs should be put where it properly belongs, that is, in the procurement function of the departments. It is only through careful and proper procurement that it is possible to prevent payment of excessive prices, for costs once paid are difficult of recovery through a consideration of the profits of the particular individual, which bear little relation to what should have been the fair price of an item.

It is not believed that any other nation has relied upon a process of giving administrative authority to determine excessive profits according to the mere discretion of an administrative board other than through taxation and effective procurement means. In supplementing the taxing statute by such an innovation as that of empowering the executive departments thus to determine excessive profits, we must make it clear and definite that this power is exercised in a fair, equitable, and constitutional manner.

The House Bill represented a considerable improvement in this direction. Recognizing that the greater part, or in some cases, all, of these "excessive profits" will be recaptured through taxation, we have endeavored to amend the existing law to make this statute operate in a fair, just, and equitable manner. The following is a summary of the changes made by your committee over the House bill.

Summary of Principal Changes

1. In determining excessive profits, your committee requires the following factors to be considered, in addition to those contained in the House bill.

(*a*) Financial problems in connection with reconversion. This factor was not in the House bill, but was contained as a factor in the House Ways and Means Committee report. Your committee deemed it advisable specifically to enumerate this factor in the statute.

(*b*) Consideration must also be given as to whether the profits remaining after the payment of estimated Federal income and excess profits taxes will be excessive. It is believed that in finding whether a contractor's profits are excessive, some consideration should be given to the Federal income and excess profits taxes which he may be called upon to pay with respect to such profits.

2. In determining items of cost all items allowable as deductions and exclusions for income and excess-profits taxes (excluding taxes measured by income) are allowed as

items of cost to the extent allocable to such contracts and subcontracts. This includes the recomputation of the amortization deductions and carry-overs and carry-backs allocable to contracts and subcontracts. The House bill limited the deductions and inclusions to items of the character allowed as deductions and exclusions for income and excess profits tax purposes. Your committee was of the opinion that all such deductions and exclusions should be allowable which are properly allocable to such contracts or subcontracts, instead of merely items of the same character.

3. Your committee accepted the House definition of subcontract, but made it retroactive to be effective as of April 28, 1942, the date of the Renegotiation Act. It is believed that this definition expresses the meaning of the original definition of subcontracts as contained in the existing law.

4. Your committee adopted the House definition of standard commercial articles, with the exception of a provision which excluded from the definition an article specially made to specifications furnished by a department or by another contractor or subcontractor. It is believed that the other requirements contained in this definition are sufficient safeguards to enable fair and reasonable prices to be established by the procurement officers. Your committee defines a standard commercial article as one—

(A) Which is identical in every material respect with an article which was manufactured and sold, and in general civilian, industrial, or commercial use prior to January 1, 1940;

(B) Which is identical in every material respect with an article which is manufactured and sold, as a competitive product, by more than one manufacturer, or which is an article of the same kind and having the same use or uses as an article manufactured and sold, as a competitive product, by more than one manufacturer; and

(C) For which a maximum price has been established and is in effect under the Emergency Price Control Act of 1942, as amended, or under the act of October 2, 1942, entitled "An act to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes," or which is sold at a price not in excess of the January 1, 1941, selling price.

An article made in whole or in part of substitute materials but otherwise identical in every material respect with the article with which it is compared under subparagraphs (A) and (B) shall be considered as identical in every material respect with such article with which it is so compared.

Policy on Standard Products

Under the House bill, a contract or subcontract for the making or furnishing of a standard commercial article may be exempted by the War Contracts Price Adjustment Board if, in the opinion of the Board, normal competitive conditions affecting the sale of such article exist. Your committee has specifically exempted standard commercial articles from renegotiation instead of leaving such exemption to the discretion of the War Contracts, Price Adjustment Board. It is believed that the departments have had sufficient experience to enable the procurement officers to fix a fair and reasonable price with respect to this type of article, particularly since the volume of such articles is apt to be decreased rather than increased in the future.

5. Under the House bill court review was granted in a de novo proceeding before The Tax Court of the United States. Your committee has substituted the Court of Claims for The Tax Court of the United States to handle this de novo proceeding. Some objection was made to conferring jurisdiction of renegotiation cases to The Tax Court of the United States by the Treasury, the Department of Justice, and the War Department. It was contended that to confer such jurisdiction upon The Tax Court might seriously interfere with the handling of tax cases by that court, particularly the relief cases under section 722 of the Internal Revenue Code, relating to the excess-profits tax. The Court of Claims, at the request of the contractor or subcontractor, is required to furnish a statement of its determination, of the facts used as a basis therefor, and of its reasons for such determination.

6. Your committee has increased the number of members of the War Contracts Price Adjustment Board from five to six members. The additional member shall be an officer or employee of the War Production Board and shall be appointed by the Chairman of the War Production Board. For this reason, four members of the Board shall constitute a quorum, instead of three as under the House bill.

7. The House bill provides that no proceeding to determine excessive profits shall be commenced more than 1 year after the close of the fiscal year in which such profits were received or accrued and, if such proceeding is not so commenced, then upon the expiration of 1 year following the close of the fiscal year, or 1 year following the date on which the financial statements required to be furnished to the Board are filed, the liability as to excessive profits received or accrued shall be discharged. Thus, the statute would make the discharge of liability hinge upon the date of filing with the Board such financial statements as it might require.

Your committee removed this condition, so that the statute runs as to the time within which the renegotiation proceeding may be commenced after 1 year in which such profits were received or accrued.

8. Your committee bill exempts from renegotiation a contract with a common carrier for transportation, or with a public utility for gas or electrical energy where the price for performance is fixed in accordance with published rates or charges filed with, fixed, approved, or regulated by a Federal, State, or local public regulatory body. In the case of such contracts, the rates or charges so fixed or regulated are sufficient basis of a fair and reasonable price for the performance of such contracts.

9. Your committee bill also exempts contracts with a department which are awarded after advertisement and as a result of competitive bidding for the construction of buildings, structures, improvements, or facilities. It is believed that in the case of prices established as a result of such advertisement and competitive bidding there will be no need for further revision under re-

(*Continued on Page* 25)

A Labor-Management Plan for Full Post-War Employment Without WPA

Hundreds of soldiers abroad replied that the number one thing they most want upon their return is "a steady job," "opportunity to get ahead." Nearly every one else who works for a living feels the same way!

Industry's number one problem after conversion to peacetime work will be to provide the greatest possible employment just as it now has to produce "all out for war" regardless of expense, difficulties or preference.

Since our free enterprise profit system is based entirely on "incentive" or "reward" for desirable acts like saving—risk taking—invention—greater production, why not apply an incentive on expansion of employment?

Practically every employer of labor pays substantial federal taxes. Unemployment adds to the total federal tax burden. New jobs which reduce unemployment reduce the total tax burden. By giving the employers who provide new or expanded employment a reduction in their federal taxes equal to only a part of the saving made to the treasury by their conversion of tax-consuming-unemployed into tax-paying-employed, every taxpayer and every consumer in the country would be greatly benefited as follows:

1. Direct Reduction of tax load.
2. Indirect Reduction of tax load through lower prices of every purchase.
3. Better market for everything produced due to purchasing power in hands of newly employed.
4. All the foregoing leading to MORE employment — lower taxes and towards prosperity.

* * * * *

After this brief statement, let us take up our plan in more detail.

By MONROE and MARTHA SHAKESPEARE,
Kalamazoo, Mich.

About the Authors

If you have ever known the thrill of pulling in a small-mouth bass, the chances are at least two to one that at some time in your life you have taken pride in being called a fisherman. And as a fisherman you have known that the name Shakespeare is one of the very best to be found on fishing tackle.

Monroe Shakespeare is president of the Shakespeare Company, and secretary of the Shakespeare Products Company of Kalamazoo, Mich. He is vice president of the Associated Fishing Tackle Manufacturers, a member of the National Association of Manufacturers and the National Industrial Conference Board. Mrs. Shakespeare was Martha Ellen Wright, under which name she publishes short stories and several romantic novels and serials.

The material presented in this article is available for distribution in booklet form. Those who wish copies should write direct to Mr. Monroe Shakespeare, c/o the Shakespeare Company, Kalamazoo, 2F, Michigan. These booklets are available free to those writing on their business letterheads. It is the hope of the authors that as many copies as possible of this plan for post-war employment may be distributed within the next two or three months.

The Spectre of Unemployment

THE fear of unemployment is a spectre which haunts many thousands of working people and our recurring periods of serious unemployment during the past hundred and fifty years have been viewed by the public as one of the most serious indictments of our free enterprise system up to now. The New Deal planners have promised to eliminate this unemployment by providing large amounts of public works and by "made work" under WPA. We have had about ten years of experience with WPA and PWA and the question before us now is, "Has Labor and Industry anything better to offer than WPA and PWA?"

We believe that if Industry does not feel that its first objective after the war (as soon as it has converted to peace-time work) is to expand employment and keep on doing so until unemployment is no longer a serious problem, then we are in serious danger of losing the peace to State Socialism.

Public works under PWA and "made work" under WPA appear to help reduce unemployment. Some of this tax-supported employment is not additional employment, *but is directly offset by reduced private employment due to heavy taxes imposed on private employment to support public employment!* The extremely low efficiency and general waste of labor and materials under political supervision and the misdirected efforts which encourage individuals to hang onto WPA jobs, rather than take productive employment in private industry, have been so obvious as to need no documentation or further proof here, though abundant proof is readily available.

In fairness to WPA let us recall that in 1934 Industry did not offer any alternative plan and we can remember some rather frantic running to Washington on the part of business men who implored the government to "do something!"

WPA Is Not the Only Answer

THOSE who would like to see WPA reinstated because it may mean a political plum for themselves, usually come back to the argument, "Well, you can't let people starve, can you?" No, of course, you can't, but it does not follow that a bigger

and better WPA is the *only* answer to the question. During the past ten years when WPA and PWA were operating very extensively, it was found that in more than one large city a very high proportion of the uncompensated serious automobile accidents were caused by individuals on WPA and other forms of relief who were driving while intoxicated. There is a lot of difference between preventing starvation and providing the erstwhile unemployed with sufficient Federal funds to permit car ownership and upkeep and enough liquor to produce intoxication. Some intermediate solution should be adopted which will preserve a strong urge to get off relief and into more remunerative employment.

We believe there is a more intelligent approach to a substantial unemployment problem than placing people on the public payroll as we have done recently in this country and as was done in Germany in preparation for the war, when they were able to brag that unemployment was virtually "non-existent."

Let us assume that we have a situation at some time in the future when substantial numbers of people who want work and are willing to work cannot find employment at all. It is easy for a government like our present administration to jump to the conclusion that private enterprise is *unable* to furnish reasonably full employment and that, therefore, it is the duty of the government to put the unemployed to work on "made work" and public projects.

An Example to Study

AS an example, let us take the rather serious situation of forty million people employed and ten million unemployed. Probably the government wouldn't need to put all the ten million unemployed on its payroll because, if half of them were employed by the government or, should we say, paid and supported by the government, and *if much of this cost was borrowed against the future* by "deficit financing" such as we have had during the past ten years, it would probably enable business to improve to the point where it could employ the majority of the other five million. There is no question about such lavish expenditures of billions of dollars on the part of the Federal Government being a definite temporary boost to business. If any individual business were to receive a substantial loan and were to expend this money freely and lavishly, it would certainly appear, at least, to be prosperous and highly active and, from casual observation, sound — but it wouldn't be for long!

Isn't there a still better way to solve our unemployment problem? We think it is self-evident that if we could put practically all of our unemployed into private employment so that they would all be tax-producers instead of tax-eaters, it would be a very definite improvement over having them on the public payroll where they would be a tax burden to everyone in productive enterprise. Can this be done? We believe it can.

Assuming, as we did before, that we have ten million unemployed and forty million employed, the forty million employed in private industry and on the farms and in service businesses produce all that we have to share. Even necessary minimum government functions are essentially nonproductive and must be supported by taxing our productive enterprise. Anything that goes to the ten million unemployed to keep them comfortably distant from starving, regardless of the name under which it is paid, must still come out of the product of the rest. Since the unemployed are a very definite and substantial burden on all the rest and can cease to be a burden only by becoming productively employed and, inasmuch as only a very few people can employ *themselves* under such conditions, it would seem that our big resource in solving this problem is in those who have ability, tools, and capital to provide employment. Presumably those people are already employing large numbers and therefore our problem is how can they profitably (or otherwise) employ *more* people.

A Tax Reward to the Employer

IF an employer were to take on one hundred or a thousand of the ten million unemployed, he would be doing a very substantial service to all of the forty million already employed by placing them in the self-supporting, tax producing class. Such an employer would evidently have made quite a saving to the Treasury and, therefore, it would be perfectly logical for the Treasury to reward him with some worthwhile *part of that saving*. This reward or incentive could readily be in the form of a reduction in the total taxes paid by the employer, that is, an amount equal to some agreed-on part of the saving made to the Treasury by this reemployment or new employment as of that date when the one hundred or a thousand people were put to work.

It is obvious that all industry and *all* taxpayers immediately benefit from this plan because any new or additional employment results in:

1. The removal of those persons, newly employed, from the tax-consuming group and turning them into taxpayers.

2. All new and additional employment immediately increases the total purchasing power (in the only sound way purchasing power can be increased) and therefore makes a better market for all products and soon makes it possible for more employers to expand, and perhaps to participate directly in these benefits.

No employer is *penalized* under this plan because his competitor gets a tax credit and he does not, but rather he is also aided. An employer who does not get a credit in one year may get a credit in a subsequent year. Any employer who can say to himself (and believe it), "I do not believe I could even earn a credit in my business under this plan," is probably drawing his salary under false pretenses.

Suggested Yardsticks for Introduction of Program

IN order to make this plan work, we we need a few measuring sticks: (1) of the unemployment at any given time, (2) the cost of that unemployment and the therefore possible savings by the elimination of such unemployment, and (3) a suitable reward to those who reduce the unemployment.

Conditions change from time to time and a suitable period in which to measure the improvement might readily be a year. It would be desirable at the end of each year to change the base on which the employment credit is figured and to change the rate of reward, depending on how serious was the unemployment problem. Of course, we will need some definitions of employment. It would not be fair to give an employer credit for having "em-

ployed" somebody if that person was employed on unreasonably short hours or was employed for a few months out of a year. Minimum employment could be considered forty or possibly thirty-five hours per week and a minimum of forty-five weeks per year. Another qualification should probably be that no employer would make any very substantial variation from his previous peace-time standard of full time employment. This latter provision would take care of some of the variations between extremes of employment, such as the coal mines with their standard of thirty-five hours per week and certain prominent manufacturers of airplane equipment, who operate on twelve hours per day seven days or 84 hours per week. Otherwise, it would be difficult to make rules to fit all of the gradations between such extremes. A new employer could not receive credit if he varied substantially from the usual practice in his industry as to full time employment.

No Limit to Amount of Work

THERE seems to be a rather commonly accepted belief that the amount of work to be done or the amount of possible employment at any one time is a fixed thing. We hear it said that "There just isn't enough work to go around." The many ideas for "spreading the work" in 1930 through 1935 were indications of a belief that there was some definite amount of work to be done and as it appeared insufficient it would have to be spread out so that everyone would at least get some. Many of the planners for the post-war period call attention to the large number of people employed now, including the large number of women who have entered industry. They say that when the men are released from the armed forces and come back to employment, the women will have to go back home, because there just will not be enough work to keep everybody busy. Perhaps these people mean that there will not be enough machinery or will not be enough material available to keep all of this expanded labor force busy. That might be true, but it is a little confusing to say that there is not enough work to go around, as if the amount of work were a fixed thing, which *it never is.*

Many thousands of copies of this plan in its various forms of development have been mailed out to business men all over the country since January, 1943. About 200 business men have corresponded with the author. This has helped enormously in clarifying the idea and its presentation.

95% of the replies were enthusiastically favorable.

Most unfavorable comments came from lawyers and scholastic economists not particularly familiar with business employment.

10% of the replies requested additional copies (from 5 to 100) to help with the distribution of this idea.

Herewith are listed most of the questions and criticisms raised about the plan and the authors' idea of the answers.

Objections raised to the plan—

1. Because it uses a tax for an incentive whereas taxes should only be used to raise revenue.

Answer: **In the first place, no new tax is added under this plan. Certain people get a direct tax credit from existing tax and all the people benefit substantially taxwise.**

However every tax has deterrent and incentive effects while it is raising revenue. Since this is so and unavoidable, why not recognize the incentive effect and use it instead of pretending to ignore such effects of all taxes and continue to wish that taxes could be levied and have only the effect of raising revenue.

2. Incentive offered is insufficient to do the whole job of eliminating unemployment or even making a big dent in it.

Answer: **Only a trial and time will tell. Many experiences show an incentive can be unbelievably small and still secure tremendous action. The base and the amount of incentive rebate is only suggested in the plan. It can be increased from the start, and every year until the point of adequacy is approached or reached.**

3. That this plan is not a panacea and that we might need other measures to enable industry to give full employment.

Answer: **The authors did not conceive of this plan as a cure-all, but as a valuable tool to help do a big job. Of course, prompt settlement of war contract claims and reduction of government spending and taxes to pre-war level or below as well as encouragement of foreign trade and freeing of investment capital markets are all important. They can be urged and worked on coincidentally with this plan.**

4. The plan makes the use of maximum number of men the prime objective of business instead of profit making. Thus business would tend to become a charitable institution.

Answer: **Since the profit motive still exists exactly as it has for the past 100 years and since the reemployment incentive is admittedly not large, it is unlikely to overwhelm the main profit making incentive.**

It is first necessary, under the plan, for a company to make a profit in order to have income taxes from which a rebate can be obtained as an incentive to unusual efforts at providing new and additional employment on the part of that particular plant. Therefore, adding labor to an uneconomical extent would reduce profits more than could be offset by profits tax credit earned under this plan.

As a matter of fact, in a period of serious unemployment, business had better make re-employment its first concern, ahead of profit for awhile, if the free enterprise system is to remain politically popular!

5. An incentive on investment would do the whole job of eliminating unemployment while this incentive directly on employment will not do the whole job. Several incentives would be unwieldy and dangerous.

Answer: **Many industrialists have shown that an average investment of $1,000.00 to $10,000.00 is required in various industries to employ one man. So there is a close connection between much of our employment and capital investment. Probably an incentive on either one would carry the other along with it.**

But it seems better to us to apply the incentive directly to the thing measured and the thing we desire to affect. For instance, much domestic help would be employed if there was a tax credit for such employment and yet there is not much investment in tools or facilities involved. Also some automatic equipment would temporarily displace labor by its use. Therefore, since we are trying to stimulate employment it appears that the more direct is our incentive and our measurements, the more sure we are of obtaining the results desired.

Until one or both incentives are tried, their effectiveness and relative merits are largely matters of conjecture and personal belief.

6. Is it right to let some corporations and individuals, fortunate enough to be able to expand employment, receive substantial tax rebates?

In the case of corporations or partnerships doing commercial business, we believe it is obvious that if they are operating on a profitable basis their customers pay all the corporation's or partnership's taxes in the price of the commodities or services bought. The corporation or partnership (or individual in business for himself and employing labor) is merely a collector of taxes from his customers. Therefore, a tax rebate is like any other saving made by better methods or more modern machinery and would tend to be passed on to the rconsumer in lower prices rather than be retained. The consumer would generally be the final recipient of this rebate.

Some business men believe that every employer of labor will "always employ the most men that he can profitably employ." Unfortunately, this is not true. If it were, it would then follow that every business wants to get just as big as it profitably can and that the only limiting factor on the size of a business would be its ability to secure capital or how big it can get before it becomes unprofitable. Many businesses put forth great study and effort to keep from growing any more than their survival

forces upon them. Rapid or even steady growth means encountering many new problems and new dangers. Progressive loss of contact with the workman is one of the most important. As a business grows larger the various systems for material control and production planning are outgrown and it is often necessary to substitute a completely new and more elaborate system. For management it means that many things which the manager used to be able to do personally, will get further and further away from his personal contact and supervision and he will have to depend increasingly upon statistical reports and reports of subordinates.

It may be seen, therefore, that it is not true under free enterprise that every employer will employ every man he profitably can and it follows, therefore, that every employer will *not* make the largest dent he possibly can in unemployment just because of the "profit motive." In other words, an employer can run a very comfortable, profitable and possibly more secure business without having gone anywhere near the limit in employing a maximum number of people.

Income Tax Gifts Deductions Comparable

IF we go back to our example of forty million employed and ten million unemployed, we can see the need for a new, strong incentive to put people to work and to focus the attention of all employers on the importance and absolute necessity of reducing that large number of unemployed—making them productive.

If large numbers of people who want work cannot get it after the war, they will express themselves politically and likely with disastrous results to the taxpayer as was so clearly done from 1934 to the beginning of the war. Political reaction to continuing large scale unemployment might destroy our free enterprise system!

A small incentive, constantly applied, can do wonders. It is something like the hair spring in a watch. For instance, a well-known tax incentive which has been in use many years now is that of deduction of gifts from income in figuring income taxes. There is no question but that this has helped properly support thousands of worthwhile charities which would otherwise have tended to become government tax-supported activities. Such a tax incentive has been accepted and considered proper. An incentive to encourage reemployment and to expand employment would be equally sound and just.

An incentive usually stimulates performance way beyond the cost of the incentive. One instance is the striving of a large squad of boys to "make the team." Then there is the striving to be worthy of being the "captain." The effort put forth by tens of thousands of contestants to win a prize contest is another example.

Another example of a big job well done is represented by unemployment compensation in those states where a merit incentive is offered for the elimination or substantial reduction of temporary unemployment. In Michigan, for instance, the amount collected from the employer for unemployment compensation varies from 4% of the payroll all the way down to 1% for any given enterprise, provided the enterprise has so controlled its employment that its relief fund is maintained at a prescribed rate. Now the difference between 4% and 1% of a payroll is not so great that an employer will be tempted to hire help that he does not need. The real incentive in this case is a realization on the part of the employer that he can do a great deal toward smoothing out the employment peaks if he wants to.

Many Ways to Keep Men at Work

WHEN there was no penalty for seasonal layoffs and before the attention of the public was vigorously drawn to this problem the busy employer gave very little time to the subject. However, with the adoption of unemployment compensation and the merit incentive, hundreds of industries found that they could almost completely eliminate seasonal unemployment if they put their minds to it. One of the ways they did it was by building stock during dull times. Another way was by transferring workers from one department to another or by cooperating with other employers so that between them they might give full-time employment to the same group. More effort was made by employers to keep good workers once they had been trained. They did not readily or summarily fire them, but often retrained them in additional skills.

Of course some large industries still have not eliminated seasonal unemployment and it is only just and proper that these industries should pay the bulk of the cost of their own created unemployment compensation. Perhaps if the incentive were made only a little larger and a little more attention were focused on the problems, some of the industries which have not yet satisfactorily solved the question would be brought into line and would take steps towards that solution which, up to now, they have not considered it worthwhile to take. Such seasonal industries actually pay a higher regular scale to compensate for seasonal layoffs. If reserves are not being built up as rapidly as they should be in merit plan States, it is because the rates are not high enough, *not* on account of the *merit* plan.

Sure Way to Help Industry Help Itself

AFTER the war the provision and maintenance of steady employment will be just as important to industry, if it deserves to retain free enterprise, as it was necessary to convert fully and promptly to war work in 1942 in order to win the war.

Several actions by government have been shown to have "decreased the incentive to make new investments or to provide increased employment." The complications and expense introduced into stock marketing by the S.E.C. slowed up new capital offerings to a fraction of what they were in former times of equal industrial activity.

Deficit financing, higher and ever higher taxes, government competition and increased bureaucratic control over all business has effectively discouraged expansion and new venture capital. If all the foregoing act as *deterrents* to increased employment opportunities, then surely a government which understood business and realized how fully do labor, capital and the consumer all prosper or retrogress together, could provide a real *incentive* to encourage reemployment and prevent large-scale unemployment from long persisting.

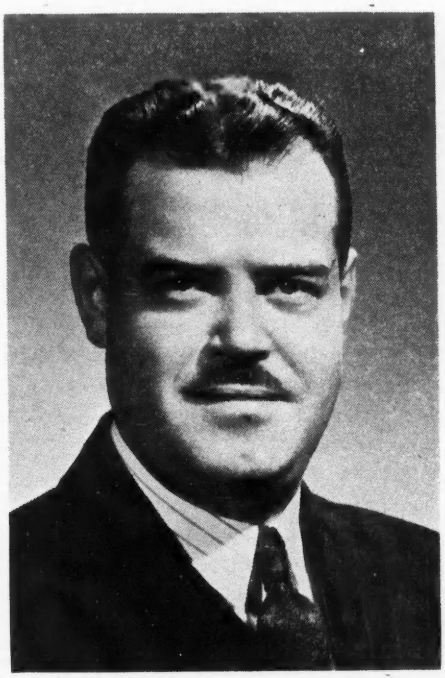
SINCE nearly every employer pays some federal taxes, the most easily applied incentive would be a

(*Continued on Page* 18)

Post War Aspects of Canada's Foreign Trade

War Production Has Developed Industries for Our Northern Neighbor

By C. E. AMY,
Manager, Business Development Dept., Royal Bank of Canada, Montreal



Without burdening you with too many figures, I should like to tell you a little of Canada's pre-war position and of how we have developed in the past five years. Our total federal budget for the fiscal year before the war called for an expenditure of $553 millions; this year, our national expenditure will be $5,500 millions. Under the impetus of war, our nation has multiplied its spendable resources tenfold within these five years.

The value of goods and services produced in Canada in 1939 was less than 4½ billion dollars; in the present fiscal year it will be about 8½ billion dollars. Our total trade—exports and imports combined—for the whole year before the war amounted to $1,576 million. Last year it was more than $4,200 million, an increase of 166 per cent. Recent figures indicate a still further increase this year. Our employment index, taking 1926 as 100, stood at 111 in 1938, and in June of this year rose to over 181, with manpower shortages apparent in numerous cases.

Canada's surplus products of agriculture and forests still play an important part in our export trade, but our position has changed greatly in the last 25 years. In the fiscal year preceding the Great War, exports of raw or unmanufactured materials accounted for 63 per cent of the total value of all our exports, while partly or fully manufactured goods accounted for the balance of 37 per cent. Ten years later the division between these two main groups was more even, while in the year preceding the present war the proportion of raw exports had fallen to 26 per cent compared with manufactured products of 74 per cent. In the same period, from a position of obscurity in external trade, we have risen to be the third largest trading nation in the world.

As many of you know, we are one of your most important customers. In the first 7 months of this year, we purchased from you goods to the value of $808 million, and in the same period sold you goods to the value of $612 million. This compares with purchases of $79 million and exports of $574 million to the United Kingdom.

Canada has become the largest producer and exporter of base metals in the world and probably the largest per capita producer of foods and raw materials for the United Nations. I mention these figures to show that there is no country which has a greater interest in a healthy and workable economic system than Canada, and few which stand to gain or lose more from its success or failure.

Looking toward the resumption of freer foreign trade, we need commercial stability as well as the functional machinery to carry on the necessary arrangements between nations, including the maintaining of international monetary stabilization and the provision of credit. One of the most important objectives of international co-operation should be the achievement of sound relations between the principal currencies and reasonable stability in rates of exchange.

A stable internal currency is the logical result of a sound economic domestic policy with balanced budgets, and cannot long exist otherwise. Tentative plans for monetary stabilization have been proposed by representatives of your treasury as well as that of Great Britain and our own.

Your neighbors and ours to the south, as part of their contribution to victory, have increased production of vital and critical materials for the allied war industries, but because of shortage of shipping and other wartime restrictions these countries are unable to obtain many of the consumer goods they need and normally import in large volume. As a result, the balance of their trade is impaired, while increasingly large balances of foreign exchange accumulate. Combined gold and foreign exchange balances of Latin American Central banks and Governments, are approaching the two billion dollar mark and this trend is likely to continue for the duration. It would seem that this abundance of exchange will be reflected in huge markets for imported goods and services when such goods and shipping become obtainable.

Gold and dollar exchange balances held by some other countries are also increasing but in a world view these balances, however large, will represent but a small fraction of the potential trade. Many of the United Nations, good peace-time customers,

have long since realized upon most of their foreign assets.

The banks in North America have in the past played an important role in financing foreign trade and their now tremendously increased assets are still available for that purpose today. Canadian banks, in common with your national banks, undertake international financing by way of acceptances and the discounting of trade bills, and the availability of their resources for financing external trade will surely receive the considration of the experts when proposals for a bank of international scope are being considered.

Realizing that America extends from Canada's Arctic Islands to the Straits of Magellan, Canadian banks have not been backward in the development of trade relations in most of this great territory. For over a generation they have had branches in Newfoundland, throughout the Island of Cuba and in all the principal British West Indian Islands and Puerto Rico. The bank with which I am connected, in addition to being located at the points I mentioned, has been doing business in the Dominican Republic, Haiti, and British Honduras, since 1912. Speaking of British Honduras, reminds me that those of you who may enjoy a chew of gum, owe us your gratitude as we are the only commercial bank in that country, the world's chief supplier of chicle.

Canada's trade with Cuba dates back many years—our first agency was established in Havana in 1899, the year the Spanish American war came to an end. When the U. S. forces occupied the country, our bank became the official paying agency for the forces. In 1902 when Cuba became a sovereign republic, an American Army Paymaster joined the services of our bank and later became its Supervisor in Cuba.

Assuming that international security is attained by nation's working together, that the necessary financial machinery is set up to maintain monetary stability and the provision of credit, with our industries geared to peak production, prospects in North America may be considered bright, but there is one more aspect on which I wish to dwell for a moment. That is, the contentious and vexatious question of tariffs.

During the 30's, the policies that were generally adopted with regard to trade, instead of working for the spread of prosperity between countries, and for the development of prosperity in each country, merely worked to deepen the depression. Country after country, in an effort to insulate and isolate itself on a self-sufficient basis, placed every conceivable impediment to the flow of goods across national frontiers.

Trade may run uphill with artificial assistance for a limited time, but unless goods flow both ways the stream will become a dry bed. Whether we export goods, services, or capital, we can be paid only by accepting directly or indirectly goods and services in exchange. No modern country can be self contained. If we buy more, we can sell more, and there is no avoiding this fundamental principle. The people of the world have made up their minds that there is no need for another great depression, and now is the time for business and governments to agree on trade policies and practices which will work to avert it. Such policies must be founded, and accepted, on a basis of the interest of the country and people at large. Only a programme holding out the hope of maximum production, full employment and continuous economic expansion will create a favorable atmosphere for international collaboration.

Canadians of all classes are coming to agree that in the long run we must import if we are going to export. Our people realize that our capacity to export is relative to our ability to consume imported goods. Such a policy is in our own national interest and we believe it is no less in the interest of every other nation. To this end, it has been suggested that there should be a progressive annual reduction of tariffs to agreed levels and removal of barriers to trade. We believe this to be the sound road to full employment and a safeguard against inflation.

I think the most concrete evidence of a determined will to implement the terms of the Atlantic Charter, as applied to all mankind, is seen in the exchange a year ago of notes between your country and mine. These notes pledge our two nations to elimination of all forms of discrimination in international commerce, and to the reduction of tariffs and other trade barriers. Add to such proposals and pledges, the fact, that the Atlantic Charter had already provided for freedom of access to raw materials and there is presented to the people of the world hope of a new life in security and prosperity.

To those who may be considering entering foreign markets for the first time, may I offer a few practical suggestions based on my own experience and observation.

The subject of foreign trade should hold no more fears than those attached to ordinary domestic business. In the early stages unfamiliar problems may be encountered but these rarely prove insurmountable.

Would it not facilitate matters to reflect on trade beyond your frontiers as external trade? I do not like the word foreign, particularly. There is an amazing amount of business done on the basis of faith and confidence and if you hope to succeed in increasing the flow of trade with people outside your country, mutual trust is essential. Such people like to be considered as business equals and not as foreigners.

When appraising credit risks in other countries, one should consider not only the financial position of the customer, but also his country's ability to make exchange transfers.

Select by study the country or countries which appear to present the best opportunity for your products. I cannot emphasize too strongly the advantage of travelling in the countries for the purpose of physical survey, and it is extremely important that initial visits are made by Senior Executives. Personal contacts made on such visits frequently prove invaluable in later years.

When you have ascertained the exact requirements of your new market—not necessarily what you think they should buy—and know that you can compete in quality and price, choose carefully your sales representative. In most cases, the best results are obtained by employing a native agent or the services of a well established import firm. In any case your representative must have some knowledge of the language of the people to whom he hopes to sell. He should acquaint himself with the historical and cultural background of his new country, and acquire a working knowledge of its trade economy.

(Continued on Page 18)

Ol' Doc As a Correspondent

His Road Experience Helps Him Write Letters

By J. T. O'NEILL
Credit and Collection Manager, West Publishing Company, St. Paul, Minnesota.

In the September, 1943 issue "Wanted—A Creditman Who Is A Salesman" Ol' Doc Nixie failed to satisfy a new General Manager that he had the sales qualities required of a modern Creditman. In the November, 1943 issue "Ol' Doc Takes To The Road" he obtained a new job and proved that a Creditman can sell and gather plenty of ideas on the road.

OL' Doc had returned from his successful selling trip, and we now find him the first day in his new office as Credit Manager of P. H. Putterworth & Co.

The heavy Monday morning's mail for his department is ready for routing. To get a feel of his new job, he has it piled up on his desk—and with a shortage in stenos and correspondents, he examines it with the idea of reducing replies.

Doc welcomed this opportunity. As a salesman he had received much wordy unnecessary correspondence. He heard customers too—who wondered why they could not get a real prompt answer to a simple question without "an exhuberance of verbosity"—redundance, circumlocution or what have you.

Doc knew the sins committed by unnecessary correspondence and he now found what he expected—65% of the Monday's mail was routine—a change of address—a query about receipt of a payment—a shipment had not arrived—or a part missing—an order number was necessary—an expense check was not received—a questioned item in a statement, etc.

Answer Questions Simply

WITH an encouraging smile he asked his little secretary—"Suppose these many routine questions came in over the phone instead of by mail—what would you do?" Her reply was instantaneous—"Why, I would simply answer each question—hang up the receiver—and turn to something else!"

Doc had an idea to make routine mail disappear without benefit of stenographers, typewriters, letterheads, second copies, carbon paper and other critical materials (including time). He had a card attractively printed for his correspondents and bookkeepers to fill out in long hand. The legend printed at the top, "This is answer to your letter of ———— regarding ————." Plenty of space for a hand-written message. At the bottom the printed understandable message, "Pardon informality of this reply due to temporary personnel problems."

"Correspondence Cards" dispatched all routine mail the day the letters came in—and there was much benefit. In some cases a customer's or salesman's letter was returned with the desired courteous answer indorsed on it—and nothing whatever to file. Roving personnel was not going to stand in the way of Doc's progress!

An Automatic Follow-up

WHEN it came to "specially" dictated letters (and how they cost)—he used another idea picked up on the road. An extra copy marked in large red ink type "PLEASE REPLY" was made at the time of the original transcribed letter. In ten days—if no answer—this "PLEASE REPLY" copy was mailed. A perfect automatic follow-up without rehashing the story and without correspondents, stenos or other expense involved.

Between ourselves—his old company would not have okayed the extensive use of these two simple usable ideas. However, Doc had learned a lesson "do not go around asking for okays on the obvious or get too many people into the picture when you have an idea." Unfortunately, his old boss (who went broke) had to pass on everything. That species, which is far from extinct, injures initiative and injures men. Doc himself a victim—was now recovering.

We can only hi-spot some of Doc's new ideas about correspondence. We may extend them later, but we now come to his serious effort to humanize and revitalize important letters to customers.

In an old note book he had recorded at one time—

"A letter takes the place of personal conversation. There is no other excuse for it. Yet, as such substitute, it is under a terrific handicap. It lacks the tone of voice, the gesture, the physical face-to-face contact which makes personal interviews click."

Start with Handicap

"AS this is so true," thought Doc, "letters have enough drawbacks without antiquated 'would say' and other silly Victorian phrases which would be the sheerest nonsense in a personal interview—and I solemnly pledge to never write a word or phrase that I would not use in conversation."

To gather new thoughts to make his letters conversational and to help make them SPEAK, Doc ran across a quotation that started something—Old Schopenhaur said it—

"A new thought is like the woman we think we love. We fancy we will never forget her, but out of sight—out of mind. *The finest thought runs the risk of being irrevocably forgotten if you do not jot it down.*"

As a result, Doc started a Jot-Em-Down Book! Thereafter, he never read a book or magazine or heard a good speech without jotting down "pithy, cogent, virile" words or phrases which he could weave into

(*Continued on Page* 20)

Do We Recognize the Alert

Customer Relations Executive Offers Advice to Retailers

By W. A. LANGE
Credit Manager, Yahr-Lanze, Inc.
Milwaukee

"At a recent meeting of our wholesale credit group in Milwaukee, my associate, H. W. Adkins, spoke on the subject of 'Credit in 1943'. I would like to quote what he had to say with respect to credit managers and their credit departments, because I believe it contains, in a nut shell, the very essence of the functions of we, who are charged with the responsibility of credits and collections.

"I do not like the names of credit manager or credit department, because during these days when we are trying to find simple names and initials most descriptive of their direct functions in business, it would seem that there would be a much better name. I like to call the functions of our department 'the Customer Relations Department'. Why? Because no one in any operating function can make or break the relations between buyer and seller as quickly and lasting as the man who has the job of getting people to pay their bills.' "

We, as credit men or Customer Relations Executives, must recognize the fact that today and in all future activities there must be more sales-minded credit men and more credit-minded salesmen. We must keep up with the trend of modern merchandising that will follow this present upset of what was a regular routine of just sitting back, writing letters, sending telegrams, etc., to those (and we in the wholesale drug business all have them)—those laggards that never paid an invoice on time in their lives—and prepare ourselves now to teach these druggists to operate their business on a profitable basis.

Will We Recognize the Alert?

THE story is told of a certain retail druggist writing to six of the wholesale druggists he bought from, as follows:

"Gentlemen: You have been gracious enough during my business life to carry me throughout my business period, when I die, I desire to have your credit man as my pallbearer. Your house carried me all my life and I would like to have you carry me when I am dead."

The subject assigned to me is, "Will You Recognize the Alert When It Comes?"

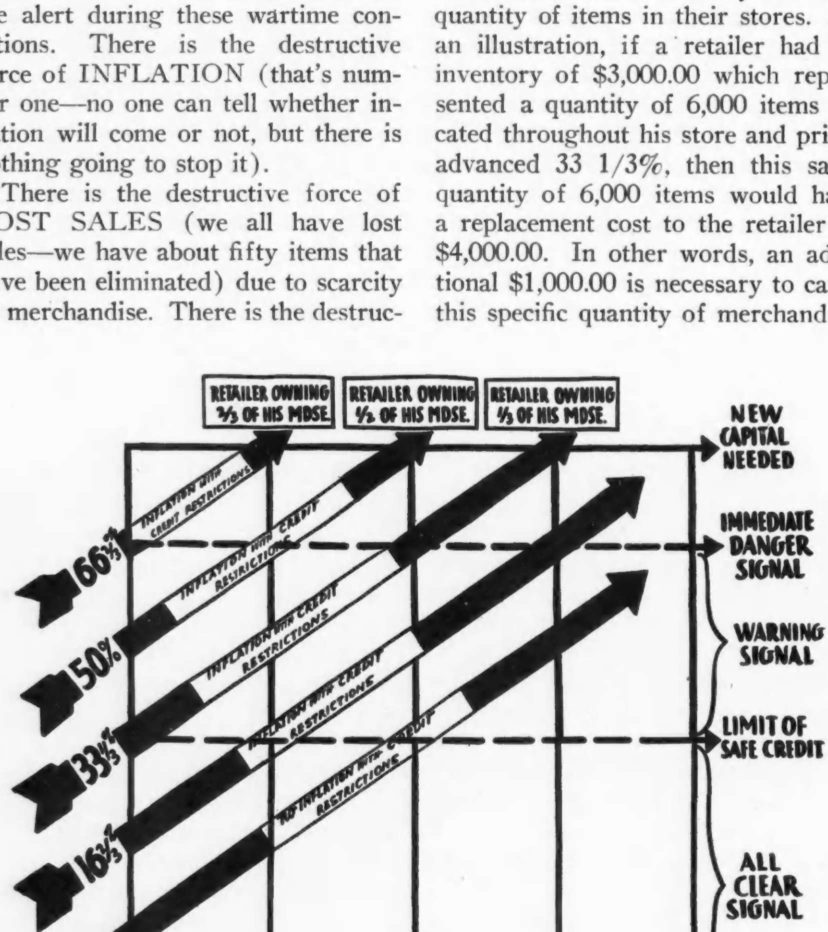
Now many of you may wonder just what you should be on the alert for. Well there are very definite forces for which we must all be on the alert during these wartime conditions. There is the destructive force of INFLATION (that's number one—no one can tell whether inflation will come or not, but there is nothing going to stop it).

There is the destructive force of LOST SALES (we all have lost sales—we have about fifty items that have been eliminated) due to scarcity of merchandise. There is the destructive force of INCREASED OPERATING COSTS, all of which individually or combined could destroy any business.

The Inflationary Forces can destroy the capital structure (the investment in the drug store and the savings represented thereby). We all know that. The forces of Lost Sales and the forces of increased expenses can destroy the net operating income and create operating losses and capital deficits.

How Inflation Will Affect Stores

IF inflation comes, more money would be needed to carry the same quantity of items in their stores. As an illustration, if a retailer had an inventory of \$3,000.00 which represented a quantity of 6,000 items located throughout his store and prices advanced 33 1/3%, then this same quantity of 6,000 items would have a replacement cost to the retailer of \$4,000.00. In other words, an additional \$1,000.00 is necessary to carry this specific quantity of merchandise.



If credit is restricted to present levels, where is this additional working capital coming from? If this additional working capital cannot be supplied by the retailer himself, then he is forced to carry on business with a lesser number of items in stock or be forced to discontinue business. We'll be holding the bag.

As a general rule, credit is not extended on inflated values, therefore, retailers should realize that their credit will be restricted to their present limitations. In other words, retailers cannot hope to secure additional working capital from their creditors to cover abnormal commodity price increases during an inflationary period.

IF you'll refer to Chart Number One—*The Retailer Who Owns Only 1/3 of His Merchandise.* This man is in the danger zone right now, even if prices remain at present levels —His *yellow* alert signal has flashed —if prices should advance to 16 2/3%, he is in immediate danger— HIS *RED* ALERT SIGNAL WILL FLASH.

The Retailer Who Owns ½ of His Merchandise. This man is on the border line of safe credit, providing prices remain at present levels— HE HAS THE *GREEN* ALERT SIGNAL. If prices should advance to 16 2/3%, he will be in the danger zone—HIS *YELLOW* ALERT SIGNAL WILL FLASH. If prices should advance to 33 1/3%, he is in immediate danger — HIS *RED* ALERT SIGNAL WILL FLASH.

The Retailer Who Owns 2/3 of His Merchandise. This man is well within the border line of safe credit based on present commodity prices and will remain here even though prices may advance to 16 2/3%— that won't affect him at all—HE HAS THE *GREEN* ALERT SIGNAL—If prices should advance to 33 1/3%, he will be in the danger zone — HIS *YELLOW* ALERT SIGNAL WILL FLASH. If prices should advance to 50%, he will be in immediate danger—HIS *RED* SIGNAL WLL FLASH. (I do not believe that a man who owns 66 2/3% of his merchandise will be in danger.)

The Safe Credit Risk

THE only man who is reasonably safe against an inflation in commodity price increases up to 33 1/3% and with credit restricted to safe limits is THE MAN WHO OWNS AT LEAST TWO-THIRDS OF HIS MERCHANDISE or WHO DOES NOT TAKE MORE THAN FROM TWENTY-FIVE TO FORTY DAYS TO PAY FOR HIS PURCHASES—HE IS THE MAN WHO DISCOUNTS.

We know that our President and our Government will endeavor to prevent any such inflationary trends because it would be ruinous to a large percentage of the retailers who did not have reserve capital to put into their business.

While we hope that this inflationary trend will not strike us to any great extent, nevertheless, we feel it our duty to warn every retailer of the devastating effect it could have on the very existence of the retail drug business in our Nation, and we believe this chart we have prepared vividly depicts the destruction which price inflation and credit restriction may have upon the capital structure of retailers. Therefore, it is a definite and direct obligation of every retailer to become as LIQUID AS POSSIBLE. In other words, TO KEEP HIS DEBTS TO A MINIMUM. (We must help him get his house in order and at the same time retain his volume of business, whatever it may be.)

Effect of Last Sales

YOU are all familiar with the fact that many commodities usually sold by retail pharmacists and the raw materials from which such commodities are manufactured are needed to equip our armed forces. Such "critical" commodities are now being rationed or withdrawn from retail stores. The withdrawal of such merchandise will be reflected in LOST SALES which may be noticeable in the Soda Department, Candy, Sundries, Cosmetic and Soap Departments. We are all beginning to feel the effect of such lost sales right now and they will be more acute as

Will You Recognize the "Alert" When It Comes?

"THE SAFETY ZONE"

WHEN YOUR DAILY SALES ARE EQUAL TO	DO NOT PAY OUT FOR EXPENSES MORE THAN					MINIMUM % OF GROSS PROFIT ON SALES
	PROPRIETOR SALARY	EMPLOYEES SALARIES	RENT	OTHER EXPENSES	TOTAL	
$ 24.00	$4.00	$ .70	$ .83	$ 1.67	$ 7.20	38.%
26.00	4.25	.70	.85	2.00	7.80	38.%
28.00	4.25	.75	.87	2.25	8.12	37.%
30.00	4.50	.75	.90	2.25	8.40	36.%
40.00	4.50	1.50	1.20	2.80	10.00	33.%
50.00	4.50	3.50	1.50	3.00	12.50	33.%
60.00	5.00	4.20	2.20	3.60	15.00	33.%
70.00	6.00	4.90	2.20	4.40	17.50	33.%
80.00	6.00	6.00	2.40	5.60	20.00	33.%
90.00	6.00	7.50	2.70	6.30	22.50	33.%
100.00	6.00	9.00	3.00	7.00	25.00	33.%
110.00	6.00	10.00	3.30	8.20	27.50	33.%
120.00	6.50	11.00	3.60	8.90	30.00	33.%
130.00	6.50	13.00	3.90	9.10	32.50	33.%
140.00	7.00	14.00	4.20	9.80	35.00	33.%
150.00	7.00	15.50	4.50	10.50	37.50	33.%
160.00	7.00	16.00	4.80	10.60	38.40	32.%
170.00	7.00	17.00	5.10	11.70	40.80	32.%
180.00	7.00	19.00	5.40	11.80	43.20	32.%
200.00	7.00	20.00	6.00	13.00	46.00	31.%
220.00	7.00	22.00	6.60	15.00	50.60	31.%
240.00	7.00	24.00	6.70	15.10	52.80	30.%
250.00	7.00	25.00	7.50	15.50	55.00	30.%

RETAIL PHARMACISTS HAVING A NET OPERATING INCOME EQUAL TO...	ESTIMATED TOTAL OF RETAILERS IN U.S.A.		ALL SUCH NET OPERATING INCOME WOULD BE DEPLETED IF—			
	PERCENT	NUMBER	SALE DECREASE TO EXTENT OF— (A)	EXPENSES INCREASE TO EXTENT OF— (B)	SALES DECREASE TO EXTENT OF— (C)	EXPENSES INCREASE TO EXTENT OF— (C)
LESS THAN 2% OF NET SALES	15%	8100				
2% OF NET SALES	9%	4680	6% TO 6⅔%	6½% TO 7%	3% and	4%
3% " " "	5% 44%	2700 23,580	9% TO 10%	10% TO 11%	5% and	6%
4% " " "	7%	3780	12% TO 13⅓%	14% TO 15%	6% and	8%
5% " " "	8%	4320	15% TO 16⅔%	18% TO 20%	8% and	10%
6% " " "	7%	3780	18% TO 20%	22% TO 25%	10% and	12%
7% " " "	6%	3240	21% TO 23⅓%	27% TO 30%	11% and	15%
8% " " "	6%	3240	24% TO 26⅔%	32% TO 36%	12% and	18%
9% " " "	5%	2700	27% TO 30%	37½% TO 43%	14% and	21%
10% " " "	6%	3240	30% TO 33⅓%	43¾% TO 50%	15% and	25%
OVER 10% OF NET SALES	26%	14,040				

soon as the surplus stocks in the warehouses of manufacturers and wholesalers have been absorbed.

Lost Sales may also result if and when store hours are shortened or when there is a shortage of help, because it is only logical that when sales opportunities are lessened, the actual sales will decrease. The force of lost sales will make rapid advances, unless *WE FIGHT BACK BY INCREASING OUR SALES EFFORTS UPON THE MERCHANDISE WHICH WE ARE ABLE TO SECURE AND UPON WHICH THERE IS NO SHORTAGE AND WHICH WILL HELP MAINTAIN THE HEALTH AND SANITATION OF OUR NATION.*

"Remember the tactics to use in fighting these forces IS TO INCREASE SALES UPON THE MERCHANISE WHICH WE ARE ABLE TO SECURE.

Expense Ratio to Sales

REFER to Chart Number Two—Showing the effect of *DECREASED SALES AND INCREASED EXPENSES* upon the net profit of druggists.

The summation of all this is that, we, in the words of our President, *"MUST TIGHTEN OUR BELTS"—WE MUST BE PREPARED.* We must create a Safety Zone within which to operate.

Such a Safety Zone is now presented for your study and guidance in Chart No. 3. When calling on a druggist, I go into their store and point out the necessity of discounting their bills—after a discount basis, his sales will jump up 50 to 100%. In connection with this chart, take a whole year's purchases and show the druggist the amount of discount he would receive on said yearly purchases—in this way you can point out how much money he is losing by not discounting. Do not show him a single month's purchases with discount deducted, because this will not seem like much, but an entire year's discount helps. A copy of this Chart may be had by you upon request. It shows a suggested expense budget in relation to daily sales of the Retail Pharmacist. In other words, it shows how much he may safely spend to operate his store.

While we have arbitrarily allocated such total expense between such items as Proprietor's salary, other employees, rent and other expenses, such allocated amounts will vary in different types of stores and in different localities and therefore the budgeted "total daily expense is the ALL IMPORTANT FIGURE TO WATCH."

What Is the Safety Zone

THE question has arisen as to just how much protection would be afforded a retailer operating within such a Safety Zone. Our answer is, that this budget provides for an 8% Net Operating Income and such an amount would allow for a 24 to 27% reduction in sales or a 32 to 38% increase in expense or a 12% reduction on sales and an 18% increase in expenses, before the net income would be destroyed or depleted.

This budget is a *WAR-TIME BUDGET,* one which calls for a maximum amount of work for all. It allows the Proprietor to take out of his business just enough to live on modestly; in all, it truly calls for a "tightening of his belt."

Several retailers to whom we have shown this budget have stated that:

1) "Our wage scale is higher than the amount which you have provided, what can I do about it?"—Our answer is that you may have to take the difference out of your own salary, unless you can reduce your miscellaneous expenses or rent to an amount which will be less than that suggested in this budget. If this cannot be done, then your only hope is to increase your sales to an amount which will justify such wage scales. As an illustration, if an employee whose time is devoted exclusively to selling, should ask for a $3.00 a week raise, you should tell him you will be glad to give such increase providing he can increase his sales from $45.00 to $60.00 per week. In other words, a clerk should have weekly sales equal to 15 or 20 times his weekly wages.

Advice on Costs

A DRUGGIST will say—"I cannot live on the amount you have allowed for the Proprietor's salary." Our answer is, "You must not forget that we have provided a net profit of approximately 8% which belongs to you, but we suggest that you leave this money in your business until the end of the year and then, after you have taken an inventory and determined your financial position of your business until the end of the year and then, after you have taken an inventory and determined your financial position, you may pay yourself a bonus if the net cash position of your business justifies such action. We earnestly plead with you to cut down your living expenses "to the bone" during this emergency and wait until you have made your annual accounting before taking out further cash withdrawals. In other words, advise the retailer, get liquid and build up a strong cash and merchandise position, or an additional reserve of merchandise, as soon as possible. This Safety Zone has been created to do just that job for you.

We realize that to follow this budget will be a sacrifice for many. However, the rewards will be great, for they are approaching a point where they must liquidate indebtedness and build cash reserves, which is their only defense against the INFLATIONARY FORCES, the FORCES OF LOST SALES and the FORCES OF INCREASED EXPENSES.

THE practical application of telling this story to retailers has proven out very satisfactorily in my case so far, because it has helped me to sell them on the idea that to pay their bills within the discount period means that the discount allowed them on a year's purchases is money in their pockets in these trying times and that this additional money is very definitely needed as a reserve against these inflationary forces, and I have found retailers most willing and anxious to follow our suggested budgeted plan, and I commend such a line of attack to every one of you credit men in dealing with retailers at this time.

So in closing my remarks, I want to warn everyone of you to be ALERT RIGHT NOW—be more sales-minded.

1. Tell your customers to be alert to selling.
2. Advise your druggists to pay up as fast as possible.
3. Tell them to save for the future.

THE TIME TO BE ALERT IS NOW!

One Post-War Problem to Be Solved Now

Restoration of Miller Act Bonds Important to Material Suppliers

By F. E. LUNT
Staff Assistant, Treasury Department, Westinghouse Electric & Manufacturing Co., Pittsburgh

In these days of post-war planning there is a tendency, in view of the unusual and varied problems existing, to overlook the comparatively simple things, even though those simple matters are prime safeguards. Many material suppliers are so deeply engrossed in planning termination of contract proceedings and similar problems, that they are overlooking the fact that they are continuing to book orders on the same volume basis that has been the practice for the past two years.

From 1935 to early 1941, material suppliers had the benefit of the Miller Act, which provided for a separate payment bond to safeguard the interests of the suppliers. Under this act, it was possible for suppliers to reduce their losses materially, provided the suppliers were vigilant in following the requirements as to proper notification.

However, Senate Bill 1059, passed in April, 1941 provided that the Secretary of War or the Secretary of the Navy, or their duly authorized representatives (embracing contracting or supply officers) might waive the requirements of the Miller Act at their discretion.

The result of this legislation became evident promptly and practically unanimously;—the payment bond became non-existent.

Three Arguments Advanced

THE Government advanced three arguments to justify elimination of payment bonds. First, it was stated that such elimination would save time, effort and expense, valuable in the overall war effort.

Second, that the payment bond did the Government no good, and suppliers are protected by the fact that a Government representative is in sufficiently close contact with the contractor to see that his obligations are properly discharged.

Third, that with such authority a contracting officer could award contracts to firms which could not secure a bond on their own financial status, but which were in position to start work immediately, with surveillance of the contracting officer as a safeguard. These were the reasons offered by Government representatives for discontinuing requirement of payment bonds of contractors.

Is the reasoning sound? The first reason is decidedly questionable. Governmental regulations require the contracting officer's *written finding* that the contractor is capable, experienced, reasonably financially responsible, and that such action is in the interest of the war effort.

Does Not Shorten Time

OBVIOUSLY, a conscientious investigation by the Contracting Officer must take as long as, or longer than, an investigation by a Surety, which has the machinery set up for the job. Also, note that the *written finding* must state the contractor is experienced. What is meant by this? Certainly, a manufacturer who is experienced in producing picks and shovels cannot be said to be experienced in connection with a contract for precision machinery. The word "experienced" in this case can mean much or little.

Reason Number two, wherein it is stated that material men are protected by a Government representative at the contractor's plant or site of the work, is at best true when the contractor holds a cost-plus-a-fixed-fee contract, and they are greatly in the minority. (Now being discontinued.)

The third reason outlined is obviously unsound. Very few contracting officers have the ability and experience to do a better job than the contractor. Further, experience has shown that only on cost-plus-fixed-fee contracts can Government supervisory officers be found permanently located at the contractor's plant.

Unsound Reasoning

AFTER considering the three reasons, I venture to state that credit men generally will agree that the reasoning is not sound. We have knowledge of cases where bankruptcy has occurred despite the control that is supposed to exist, and *in at least one* case not only did material suppliers lose money, but also the Government. There can be no doubt that further losses will occur in connection with contracts that have been placed, material for which has been or is being furnished by the firms with which some of the readers are connected.

Recognizing the fact that production has rightly been regarded as the paramount consideration, nevertheless protection to suppliers and subcontractors could have been furnished without undue delay. One simple method would have been to require payment bonds generally.

We must conclude after consideration that the relaxing of payment bond requirements is partially our own fault. In the best interest of industry, and therefore in the interests of the country, we should have insisted on a simple feature protecting material suppliers. However, wherein we were remiss in our vigilance, we will have to work out of the situations as best we can.

Up to Credit Men to Act

WHAT are we going to do about restoration of the Miller Act to protect those orders that come in today, tomorrow, or next week?

Announcement was made on the second day of the 1943 N. A. C. M. Convention that the Association had obtained verbal assurance from the Navy that *when requested by the suppliers,* payment bonds would be required of the contractor. However, I am unable to learn of many cases wherein such requests are being made.

Another problem has arisen that can be answered by the payment bond. In many instances contracts were accepted by material suppliers in spite of the prime contractor's financial condition, because of the fact that the prime contractor held a cost-plus-a-fixed-fee contract whereby cancelled checks or receipted bills had to be produced before the contractor could collect for the material. That procedure has, generally speaking, worked out satisfactorily. However, the Government has been quite active during the past six months converting those contracts to fixed-price contracts. In many cases, this means that the only possible basis for accepting the order has been taken away, leaving the material man in a very distressing position. When such a conversion occurs and the financial position of the contractor justifies it, the material man should promptly notify the Government representative that a payment bond is necessary to justify shipment of apparatus to the contractor.

Not a Slur on Integrity

IN speaking of payment bond for protection I believe we should clarify one point. It is often considered that the material supplier is primarily requiring protection against dishonesty, whereas generally the protection is required because the prime contractor has limited capital and in the event of unforeseen difficulties he would be unable to meet his obligation. A contractor may be absolutely honest, but through uncontrollable circumstances be unable to discharge his obligations. When such possibility appears to exist, the material supplier is justified in asking for a payment bond, without casting any reflection on the honesty of the contractor.

The peak of the volume of Government orders appears to have been reached, and it behooves industry to see that such future orders as are accepted are on a sound basis. That means that we, as credit men, must get back to fundamentals and protect our firms. Protective bonds can be obtained without doubt if every credit executive demands them in connection with poor risks. Such action by a few will avail nothing, but concerted effort by every credit man in the country will unquestionably cause the necessity of reinstating the Miller Act to be recognized by the Government. This is one of the credit man's important items in post-war planning, and we should all do our share toward that end, commencing today.

Canada's Post-War Foreign Trade

(*Continued from Page* 11)

Frequently, the mere choice of a foreign representative results in the success or failure of the company's good being accepted in the new market. Above all, he must be of character beyond reproach as in many cases he is entirely on his own and not under the direct guidance of his superiors as is often the case at home.

The firm's foreign policy should include a programme of assimilation, and, as progress warrants, the utilization of native employment should increase. In our own case, in Brazil, for example, we employ over 200 people, only 13 of whom are Canadians or Anglo Saxons. In Cuba, where we have a staff of about 500, less than 25 are northerners. These examples illustrate our policy of making available to native citizens employment, executive administration and clerical, which our operations offer. Foreign representatives taking an active and sincere part in the community life of their adopted cities create much goodwill. You will agree that it would be unfortunate if the organization of clubs, primarily of American, British and Canadian members, in foreign centres, were interpreted locally as an indication that our people preferred to hold unto themselves.

May I assure you that if you decide to come to Canada in search of business we shall give you a hearty welcome. We talk the same language and even use the same slang.

On higher levels of strategy, our leaders have agreed upon war measures, and have decided the broad lines of post-war international business. I am not one who believes that an easy victory is in sight, but I do think the time is nearly here when we who direct or work for individual business must start preparing individual plans.

I hope—and I am sure I am voicing the wishes of all Canadians—that as you do your planning, you will have in mind your northern neighbours. We desire, as much as we need, your continued friendship. May the co-operation between our countries flourish in the future as in the past. As men of business, we have much in common; as citizens we have even more. In business, we are custodians of the interests of others. As citizens, we are custodians of the high ideals we hold in common. Motivated by such ideals, may our countries go forward as a continuing example to the world, of the joy and practical benefits of peace and goodwill.

Labor Management Plan for Post-War

(*Continued from Page* 10)

credit against those taxes for increased employment. If unemployment should ever again become a state or local problem instead of being left with federal agencies as it now unfortunately is, this same tax incentive could be applied against the state taxes of the employers.

Each employer would have a "base" employment. This base should be changed each year to meet the unemployment situation existing then, just as income taxes are changed each year to relate the revenue needed to be raised to the expected income of industries and individuals.

For the first year after the war, the base could well be 60% of the employment of that employer at the end of the war. Any firm which bought an old business would use the base to which that business was entitled. A merger of two or more businesses would add together the bases of each of them. An enterpriser starting a new business and therefore definitely giving new increased employment would automatically receive full credit for the first year.

Employment would be measured by defining full time employment for one person for one year as 40 hours per week for 45 (or 48) weeks. That would be 1800 or 1920 hours per year. Thus, if an employer had one man who worked three months and quit and replaced him immediately with another man who worked the balance of the year, it would count as one man for the full year.

A Schedule of Credits

SUPPOSE on this basis that all the regular hours worked in a small plant the last year of the war totaled 192,000 hours (overtime hours would not be counted) then that firm would have had 100 employees average throughout the year, and 60% of that would be the base for that plant. The incentive credit for re-employment would increase for any steady employment above the base. A fair schedule might go like this:

60%—no credit
62%— 1% of Federal Taxes
64%— 2% of Federal Taxes
80%—10% of Federal Taxes
100%—20% of Federal Taxes

That is, a 1% credit on Federal taxes for the year's operation immediately after the war for each 2% of full employment above the 60% base with a maximum credit of 20%.

There is a complication during the first year after the war and that is the period of reconversion to peacetime work when employment will necessarily start out small and increase to full peacetime operation. Most companies should be well reconverted by six months after the end of hostilities and be building rapidly toward full employment. Therefore the average employment on which tax credit is earned for that year should probably be figured on the last six months' operations only.

One year after the war a new base would be made and that should be 100% of the employment at that time, which is the end of the period just detailed above.

If there were then 45 million employed and 7 million unemployed, for instance, and if it were estimated that 2 million were probably unemployable so that actually only 5 million need be planned on, then for an 11% increase in any firm's employment that year (1/9th increase) Congress might decide the employer should get a 22% credit on federal taxes. Thus for every 1% increase in employment during the second year of the plan, a tax credit of 2% would be earned.

It should be understood that the exact base and the exact rate of credit is not too important. When the income tax was first put into effect, the rate was 1%. Look at it now. It was calculated to raise revenue in relation to ability to pay. It surely has raised revenue by the billions although the rate was only 1% the first year and the credits and exemptions were tremendous compared to today.

Tax Credit Incentive to Expand Activities

IT is evident that this credit on income tax is not a big enough amount to enable employers to pay the wages of workers they do not need. But there are other advantages to this solution. First and foremost, is focuses attention in a big way on the importance of the employer putting to work every individual that he can. It then becomes a badge of merit when an employer expands his activities so as to put more people to work. Within three months we should see such large advertisers as General Motors, General Electric, Standard Oil, etc., drawing attention by means of big displays in *Collier's, Saturday Evening Post, Life,* etc., to their accomplishments in the way of increased employment. The heads of smaller industries, instead of bragging at their luncheon and bridge clubs about how they had reduced costs or the unusual size of their net profits, would speak proudly of their achievements in employment expansion. We see evidences every day now of similar cause for congratulation in the matter of scrap collection, or bond sales, or in the number of members of the family who are in the armed forces.

Another tremendously important feature of this plan is the fact that industries will realize that if they do *not* put these people back to work, and so secure an income from their employment, they will be in the position of having to help pay the bill anyhow through taxation. When these people are put back to work by the government, industry will not have the additional income with which to pay it. Every corporation executive will be faced every week or so with a decision as to whether he should expand his operations by taking on some new product, or by improving his plant, or by undertaking some experimental development, or offering some new services to his customers. Under a merit incentive plan and his new consciousness of the equity of doing so, he would not hesi-

Post-War Credit

A report of the Post-War Planning Committee of the National Electrical Wholesalers Association has this to say about credit and its importance to the post-war era:

"One of the most important operational phases of the electrical wholesalers business after the war will be that conducted by his Credit Department. Extension of lines of credit will require the most careful scrutiny of financial, marketing and merchandising factors. Only individuals adequately trained and experienced in credit and collection procedures can be expected to cope with the requirements of the situation in the Post-War years. Whether or not the Credit Department will be a business builder, or will constitute a bottleneck to the electrical wholesalers operations, will depend chiefly upon the quality and size of that department being in proper proportion to the job it is called on to do. Unquestionably, in the opinion of this entire meeting, a great deal depends on the electrical wholesaler's handling of that situation. New accounts will involve tough credit problems. What will the policy be with respect to them? How about the policy regarding bad debt losses? These are the type of problems to which the electrical wholesaler now must devote attention in order to have his house in order, at least so far as his Credit Department is concerned, in the Post-War years."

tate a moment but would decide at once in favor of any additional activity that would put people to work and contribute to the earning of his tax credit. That is why an incentive is proper, because *employment is within the control of the employer.*

We must not overlook the fact also, that under this program it would pay corporations to turn out a substantial volume of new or special merchandise without profit, or even at a slight loss, because of the tax credits earned. These low priced goods would represent a very important contribution to the public good, by furnishing lower-priced goods and services to low-income groups, and the increased employment would increase the manufacturer's prestige with the public.

A government administration that would sincerely cooperate with and encourage free enterprise business to this extent would be making the most tangible contribution to our world-envied profit system — and this in itself would encourage much new risk-taking investment.

There was a time not long ago when we all felt our job was to:

1. Convert to war work 100%.
2. Collect and turn in scrap.

It is still a number one job for all of us to:

Buy Bonds and War Savings Stamps, etc.

If industry adopts this reemployment job as its number one job and proceeds to prove to the world that this is what it wants to do and what it will do if Congress will give it this tool, then it will once again be out of the doghouse and will have an opportunity to run itself and be able to show the public that it is entitled to occupy the place of high regard it occupied from 1921 to 1929.

149 East 37th St.,
New York City 16,
December 15/43.

Letter Editor,
Credit & Financial Management,
1 Park Avenue,
New York City.
Dear Sir:

J. T. O'Neill's article, "Wanted—A Credit Man Who Is a Salesman," appearing in one of your issues, throws light on why many concerns lose customers. I once told the president of the company of which I was the advertising director that the credit manager lost sales about as fast as my sales promotion campaigns brought new customers in. Acerbity was his first name. Evidently, he had never heard the molasses - vinegar story, or, if he had, considered it pure bunk.

He taught me a lesson, for when I conducted my own business (mail order), every month it became necessary to ask for remittances on past-due accounts. I recall composing such a letter on one March day when the snow was piling up on my New York office windowsill. This gave me a thought, and so I sent out for a quantity of toy shovels, and sent one to each delinquent with this letter: "The snow is piling up on my office windowsill like nobody's business. The morning's weather report says the storm is general over much of the whole country, so I presume you're getting it just as heavily as we are. And this may be the reason why your pile of unpaid bills is completely snowed under. So I'm enclosing something which may aid you in digging down into said pile to see if you can't find mine, and so can find it your pleasure to let me have your check.

"Fair enuf?"

That letter pulled checks from a large percentage of my delinquents, together with letters which attempted to match my humor (?). One man wrote: "That's how I handle my loose money; I just shovel it out!" Molasses won.

Right truly yours,
Gridley Adams.

Old Doc as a Correspondent

(*Continued from page* 13)

daily correspondence. He gathered material from far and wide—read Elbert Hubbard to make his letters conversational and even used pictures and other devices to help them "speak." His letters began to flower, bloom, attract much admiration—and the seed brought back replies in kind.

But it was "perspiration not inspiration" and nearly every important letter Doc wrote was polished and re-polished in his den at his home (probably the proper place, too). Then, sometimes he would try them out on his wife, Mary—for the conversational tone — for the smoothness—for the ring of sincerity—the flow—the climax!

Finally, at one of these sessions Mary remarked, "Friend Husband, your letters now sound something like the ones I received when we were going together. Did you know I really 'fell' for them as much as I did for you?"

"Dear," said Ol' Doc, "the best letters are always from a fellow to his girl. He is in love with his subject. He is filled with it. He knows the subject—or at least he thinks he does — — —

Warming up to his favorite topic, he continued—

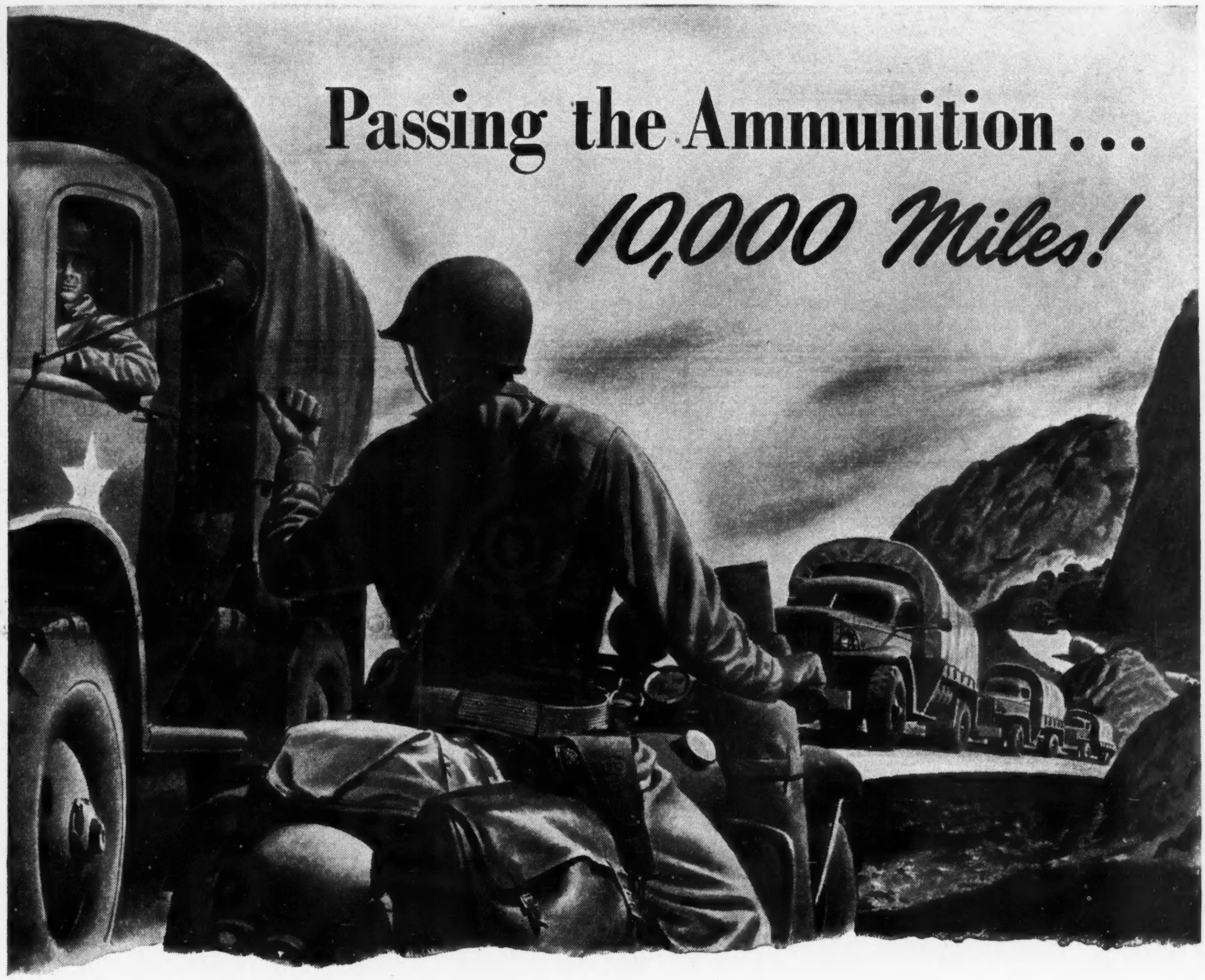
"A good business letter writer is always a fellow who is in love or saturated with his subject, whether it involves a policy of his company or an adjustment, or a bill of goods he is trying to sell a customer. Every letter is a sales letter. He must work night and day to capture a persuasive human sales appeal in everything he writes — — — — "

Mary feeling a little preachment coming on which was not unusual in Doc these days—put away her knitting—and in her shy casual way said, "Good night, dear. Since your trip on the road you sure have a new lease on life. Don't stay up too late. I bet folks at your office will be soon asking your help on all letters—better look out or you will get famous."

As Doc watched her climb the stairs he mused, "The fellow who thought a woman of 40 should be changed into two twenties—did not know a smart girl like Mary!"

Then, picking up his Jot-Em-Down Book, he immediately acted on a recorded quotation from Emily Post—"A gentleman invariably follows a lady upstairs" — — — —

Your Credit Manual is now in the mail



In this war of distance and movement, ammunition must be transported far and fast.

In a day's combat, a single anti-aircraft gun may use more than a ton of ammunition; an infantry division on a global fighting front may expend 300 tons of ammunition.

What kind of ammunition? How much ammunition? Where does it go? When must it get there? The answers to these questions must be written in figures.

Figures that flow through arsenals, war production plants, transportation and supply lines, and government offices.

Figures that must be accurate and obtained quickly, because guesswork and errors might have to be paid for with lives.

That thousands of the machines providing these figures are Burroughs machines is only logical, for Burroughs has long predominated wherever fast, accurate figuring is required.

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War Brings New Problems to Retailers

Quotas, Allotments, Apportionments Add to Woes of Storekeeping

By C. L. HOLMAN,
Credit Manager, Wilson Brothers,
Chicago

Quotas, allotments, apportionment, rationing — all are relatively new words and ideas for a credit executive, but have been of increasing importance now for some seasons and are destined perhaps to be of prime interest this Fall, especially in the men's haberdashery industry.

The causes of these reductions in available goods are well known to you —they have been brewing for some time. The developments are similar to those in other industries—rubber, metals, shoes, etc. First, some primary materials have been growing scarcer. Governmental purchases for the Army and Navy continue at an enormous pace. Recently, bids were asked for 23,000,000 pairs of cotton hose, 16,179,000 shorts and 19,062,000 undershirts. The last two would require up to 68,000,000 yards of material. Seemingly since the North African campaign, Lend-Lease textile purchases have increased. The mills naturally give prime consideration to priorities and they have worker problems of their own.

A second predicament for the manufacturers of haberdashery concerns personnel. Among the skilled factory workers, girls predominate. Thus, while the draft depletes the office or executive forces, the real problem develops from shifts to munitions or other factories of higher wage scales. Labor turnover has increased tremendously—for a loss of 25 sewers, only 15 new learners is not uncommon.

Another reason for decreased production of civilian haberdashery is the increasing government contracts of most all manufacturers. Definite time limits prevail with penalties. Naturally such contracts are preferred and carry priority over civilian products. Furthermore, Spring sales or demand exceeded expectations. No one dared predict retail sales greater than the phenomenal clothing business of the first quarter of 1942 but increases have predominated. With so many in the armed forces, retail customers are fewer in number but those left seem to have more to spend for textiles—perhaps because of lack of durable goods to buy, higher wages and some ration fears.

In contrast to haberdashery, allotments do not seem to be general or strict in regular clothing. Some lines may be on quotas or offerings restricted to present accounts. As a rule, clothing workers are older men with dependents, not prone to change jobs. The wool supply seems to have eased though the mills are subject to personnel problems and increasing government commitments. A recent newspaper article suggests that deliveries will be seriously delayed, however, and handicapped materially because of a shortage of trimmings. The work clothing shortage has been acute for some time. One store recently visited was saving its one overall as a curio and had standing orders for certain sizes as soon as received. As more of a necessity for workers and farmers than other clothing, maybe this line will be the first rationed if any are.

Now as to methods of apportionment, no one plan, in my opinion, ever will be 100 per cent right for every customer or fit into the productive capacity, variety of lines, clienteles, distribution policies of every manufacturer. Each has his own distinctive problems, influencing the method chosen. Always, of course, should the program be coupled with a sound credit background. That is the first assumption and the credit executive is probably better equipped than any other individual to judge other pertinent and needful factors about an account.

The primary problem is to insure an equitable supply for one's customers—a fair proportionable share for each and the restriction of overbuys. Usually the amounts offered will equal some comparable previous season or an average of several seasons—or a certain percentage thereof. Of this background, larger stores might complain as many restricted buying last Fall because of inventory control. Specific amounts to rely on are preferred by the retailers in contrast to the all-too-frequent ordering of 50 dozen to be sure of 15 dozen.

Under a sort of an Honor System, suppliers are really on trial during this period. Many smaller merchants already are worrying and warning—some with printed notices. Care should be exercised to allow each to buy his share or inability further to serve carefully explained and justified. Many OPA and WPB regulations or directives distinctly specify that there shall be no discrimination between customers who meet regular prices, terms and credit requirements.

Many believe point rationing for wearing apparel, as with food, is on its way but if retailers generally would voluntarily allot to their own customers as many are already doing, such might be prevented. Just last week, Arthur D. Whiteside, new chief of the OCR, committed himself to a program designed to prevent such rationing. The cooperation of retailers is to be sought toward discouragement of any but needful purchases by consumers and the elimination of scarce advertising and special sale events while efforts will be undertaken to increase primary production of essential and utility fabrics. Someone suggests merchants should promote only what articles they have

to sell or can get in quantity. Others propose that an extension of inventory control to small stores might help.

Considering quota plans more specifically, it would seem that perhaps Cooper's, Inc., of Kenosha, pioneered in our industry. Mr. K. J. Krause, their Credit Manager, outlined their system in a very complete and interesting way in the May, 1942, issue of CREDIT AND FINANCIAL MANAGEMENT. Their line consists of a relatively few numbers in excellent demand. Available civilian production had lessened and a survey indicated the advantage of fewer dealers, plus elimination of slow pay or nuisance accounts. The sales and credit departments combined in developing a rating for each account. First, the credit standing and paying record were analyzed with the scale ranging from plus 3 for those of good rating and good pay to minus 3 for those poorly rated or slow and a minus 1 for discount chiselers. With $350 per year as a minimum, sufficient volume per year to be profitable was the second consideration. Next, the store policies and merchandising program were examined, then the coverage given their lines by that dealer, with two final ratings based on the need of that outlet to maintain distribution and its relative desirability to other actual or potential customers.

During 1941, first year of the operation of the plan, it is reported that they were able to eliminate 20 per cent as unprofitable accounts. Where salesmen judged or made the quotas, inclination was evident to favor friends so the office controls all allotments. A special department was established, utilizing a complete card record for each account with establishment of monthly allocations based on planned seasonal production and constant check and control of shipments only within that amount.

A year ago at the Cincinnati meeting, Mr. J. H. Stehman of the Department of Commerce told our group of the results of a survey among manufacturers as to planned apportionment systems. He reported that about one-third were preparing to concentrate on their oldest customers, one-fourth or so were ar-

ranging to sell only the better credit risks, while 15 per cent were going to utilize past sales as the criterion. An accessory manufacturer in our field first eliminated all accounts where survival seemed doubtful, then organized their distribution on a percentage of the previous years purchases, no matter how small. Another house seems to be stressing sales potentiality and calculating the effect in the community of war work and population shifts. Generally, there is a disposition to weed out small volume, unprofitable accounts with minimum varying from a hundred to a thousand. A plan to discourage such customers without involvement might be based on constant reports of shortages and outs to orders received.

In most systems, four or five factors seem to prevail in varying importance. Good credit and prompt pay is invariably a first essential and age of the account or the degree of dependency as a source of supply warrants much consideration. The volume is significant—either as a whole, for the department concerned, or on a yearly or comparable season basis. Of further interest would be the potentiality for the future with that store and some concern might advisedly be given to population shifts, prominence of war work, service personnel, etc. Generally speaking no ready-made plan exists—each must be tailored to fit the manufacturer involved—his product or products, his capacity, his customers, his current and future distribution policies.

The effect on credits of these times and this apportionment policy is obvious. Some say there is no credit but rather a cash problem. An established axiom seems to be that if the merchant didn't progress last year, he never will. At least, we have all been able to weed out the so-called weak sisters. Collections are remarkable compared to some previous seasons and years. Regulation "W" helped in reducing book accounts, thereby releasing funds. Now, stocks will tend to diminish and more money becomes available—unless the merchant's fears override his good judgment and he buys everything offered. Should we not war against such conglomerate accumulation engendering post-war losses if prices soften and when new fabrics, colors, styles come in? Less inventory may mean less sales, but, unless the expense is quite unadjustable, the cash position should continue favorable. Let us endeavor to keep them liquid for that ever-uncertain after-the-war period.

Will the small retailer be able to survive is an oft discussed question. So far the official dire predictions of about 300,000 failures or elimination has not been fulfilled. In our industry the draft has been the main cause of the relatively few closings. Especially if the buying policy heretofore has been one of small orders from fill-in stocks, such stores though will probably encounter increasing difficulties. Made-up immediate inventories are practically non-existent with many manufacturers. If his volume has been nominal with each source, the aggregate of rejections or percentage of cut-downs may be a real hardship. Mayhaps the English plan of concentration or nucleus stores is in the offing.

With haberdashery departments, then, this is probably the period for the so-called rendering out of the fat, much of which has been accumulated by many merchants. Manufactured stocks have been gradually depleted for the past two seasons. Now, it is the dealer's turn—and then the consumer. To me, a real shortage or low point is in prospect by Christmas.

Credit-wise, problems seem neglible, but as the Credit Department has always been the crucial point of good-will in customer relations, that function still exists under an allotment plan. In cooperation with the Sales Department, the credit executive should apply his background knowledge of each account and see that each gets his proper share. The preservation of one's real deserving customers is ever a responsibility of the credit department, even though now the viewpoint is a division of production instead of sufficient credit. To the advantage of our own house and its future, let us strive to bring them through this period, hale, hearty and well fortified to meet post-war conditions whatever they may be.

Do You Agree With the Plan Presented on Page 7?

(*Continued from Page* 6)
negotiation and therefore such contracts should be exempt.

Would Exempt Contracts After Bids

10. If a contract is made for an article under a directive of the War Production Board at or below a price ceiling fixed by the Government (under the Emergency Control Act of 1942) the contract is exempt under your committee bill. In such a case the price may be regarded as fair and reasonable.

11. Your committee has extended the agricultural exemption granted under the House bill and made it retroactive to April 28, 1942, to include dairy products, canned, bottled, packed, or processed, or any product, the principal ingredient of which is a dairy product.

12. Your committee has eliminated the House provision which disallowed as costs to the prime contractor any commission, percentage, brokerage, or contingent fee paid or payable to any person for, or in connection with, the soliciting or securing by such person of a contract with a department, unless such person is a bona fide established commercial or selling agency maintained by the contractor for the purpose of securing business. It is believed that this provision may result in a double recapture, once from the war broker in collecting excess profits, and again from the contractor in disallowing him to deduct the fee or brokerage commission as an item of cost. Its elimination was recommended by the War Department.

13. It has been brought to the attention of the committee that the interpretation of the exemption of products of a mine, oil or gas well, or other mineral or natural deposits, or timber, which have not been processed, refined, or treated beyond the first form or state suitable for industrial use, as made by the departments whose contracts were originally made subject to renegotiation, has been questioned both by representatives of industry and by representatives of other departments of the Government. There has been suggested on the one hand that the state at which the exemption should have been applied was at a point closer to the depletion line and, on the other hand, certain representatives of industry have taken the position that the exempt status of certain other products has been set at a state prior to the first form or state at which the same were suitable for industrial use. After consideration of the published regulations and exemptions of the departments in connection with this provision of the law, it was concluded that the application thereof which had been adopted by the departments was appropriate and within the limits of the discretion vested in the departments by the Congress to define, interpret, and apply this provision of the statute. Consequently, this section has been reenacted in its original form and, at the suggestion of the departments, there has been added a provision expressly authorizing the making of appropriate cost allowances in the case of an integrated producer who processes an exempted product up to and beyond the first form or state suitable for industrial use in order to place such producer in a position comparable with that of other producers who sell such products at the exempt stage.

14. Your committee has retained the policy of the House bill in granting court review of determinations of the Secretary made prior to the enactment of the Revenue Act of 1943, with respect to a fiscal year ending before July 1, 1943, as to the

existence of excessive profits. This relief is granted whether or not such determination is embodied in an agreement with the contractor or subcontractor.

Your committee has considered the question of the application of the act to profits earned on deliveries prior to April 28, 1942, the date of enactment of the law. It was necessary to make the law applicable to all contracts in existence on April 28, 1942, even though entered into prior to that date, for otherwise many long-term contracts would have been wholly exempt from renegotiation during 1942 and 1943. It was never the intention of the Congress, however, that this provision should be used to recapture ruthlessly profits earned before Pearl Harbor, when this country was at peace. During this period, the volume and rate of profits normally was not in excess of that earned on civilian business. Moreover, at this time, the passage of the renegotiation law could not be anticipated, and many businesses, in good faith, declared dividends to their stockholders out of profits which are now claimed by the renegotiation boards. Your committee believes that uniformity can be accomplished through the review procedure provided in the bill.

In determining whether excessive profits exist, with respect to determinations made by the Secretary prior to the enactment of this bill with respect to a fiscal year ending before July 1, 1943, the amendments made by this act, which are not made applicable as of April 28, 1942, or to fiscal years ending before July 1, 1943, will not apply.

Inventory Profits to Be Free

15. Your committee is in agreement with the statement in the House report that under the existing renegotiation law, or such law as amended by this bill, there is no authority to renegotiate the profits accruing to a company by reason of the increment in value of its long inventories (i. e., inventories over and above its normal requirements to fulfill existing contracts).

16. Sections 109 and 113 of the Criminal Code, and section 190 of the Revised Statutes, prevent certain persons by reason of service in a Government department from acting as counsel in the prosecution of claims against the United States for a certain period. The House bill exempted from these provisions persons connected with renegotiation of war contracts as to services from May 27, 1940, until 6 months after the termination of hostilities, except that such persons could not prosecute claims against the United States involving any subject matter directly connected with which such person was employed, or during the period such a person is employed in a department charged with renegotiation. Your committee has eliminated this provision of the House bill, believing that these provisions of the statutes with respect to the prosecution of claims against the United States should not be abrogated, and that the House provision discriminates unfairly against persons in Government departments not handling renegotiation cases.

17. In general, the renegotiation amendments are effective only with respect to fiscal years ending after June 30, 1943. However, exceptions are made with respect to the following amendments:

1. The amendments defining subcontractor.
2. The agricultural exemption contained in (i) (1) (C).
3. The exemption of contracts or subcontracts with religious, charitable, or educational organizations (i) (1) (D).
4. Any contract or subcontract for an article made or furnished in obedience to a directive of the War Production Board (i) (1) (H).
5. Subcontracts under exempt prime contracts or subcontracts (i) (1) (I).

NEWS ABOUT CREDIT MATTERS

A section devoted to Credit Association affairs

January, 1944

Copy deadline 10th of Month

Omaha "C" Men Are Completing Congress Plans

Omaha: Frank H. McCall of the Fairmont Creamery Company, General Chairman of the 49th Annual Credit Congress to be held in Omaha, Nebraska, May 16, 17 and 18, 1944, reports that not only every committee chairman selected by the executive committee has accepted his appointment cheerfully, but every committee member thus far chosen has also accepted and all together enthusiasm runs high.

"Friendliness and Hospitality" has been adopted as a slogan and watchword, and every plan will revolve around those two ideas. According to plans now being made the War Credit Congress will be a hard working, serious meeting of Treasurers and Credit Managers from leading commercial centers from all sections of the country—Canada to the Gulf—and the Atlantic to the Pacific.

The general program is receiving consideration. Announcements will be made in due course. Industry Credit Meetings will occupy their usual prominent part. A Foreign Trade Conference will be a feature of importance.

Hotel Paxton has been named as headquarters' hotel. The Fontenelle which is but a few blocks distant will also be used by several large delegations as their headquarters. Other hotels will be found popular meeting places.

This is an entirely new experience, for it will be the first time the National Credit Congress will have met in Omaha, and it is a most appropriate location under present war conditions. President Ben W. Stauffacher, Secretary Gus P. Horn and the Officers and Directors, as well as every member, are anxious to make this an event long to be remembered in Association history.

The Omaha Association of Credit Men will continue with organization plans to carry out most effectively their part of the program. President Paul Miller has been invited to be present as speaker at their regular Association meeting Thursday evening, Feb. 17, 1944. National Director Emerson Jones of Lincoln, Nebraska, and Frederick H. Schrop, Credit Congress Director, are expected to be present and on the program.

Membership Drive Proves Success; Will Be Continued to May 1st

John L. Redmond Is Advanced to President's Chair

John L. Redmond, who served as National President of N.A.C.M. in 1940 and 1941, being elected at Toronto, has received a signal honor from his company, the Crompton-Richmond Company of New

York. On Dec. 28 Mr. Redmond was elected President not only of the Crompton-Richmond Company but also President of the Crompton Company which is the senior holding company for all of the textile interests operating in this group.

Mr. Redmond's election to the presidency is not only a signal honor to himself but also to the credit profession. He has served his company since 1911, first as Credit Manager and then as Supervisor of Credit Operations for the Crompton-Richmond Company which does an annual business of several million dollars. Mr. Redmond, through his activities as a member of the New York Credit Men's Association, has often preached the doctrine that the credit manager should stand on his feet and hold his head up on the same level with the sales manager, the production manager or other leading executives of his company.

The Crompton Company of Rhode Island is the parent company of Mr. Redmond's organization. The Crompton-Richmond Company of New York is the sales and factoring organization operating as a subsidiary of the Crompton Company. The Highland Mills of Georgia and the Crompton Shenandoah Company of Georgia are some of the leading mills operated by the Crompton Company which does a business that runs into many millions of dollars in the course of the year.

President Miller Urges All Associations to Redouble Efforts for Next 4 Months to Attain 10% Gain

The net result of the fall membership campaign will not be known until the books close at the end of December. However, the advance reports indicate very plainly that the goal set by the National Board of Directors at its fall meeting of obtaining a 10 per cent increase in membership by the end of the present fiscal year now seems to be obtainable.

From the first of October until the middle of December the net gain in membership was more than 600. When the final records are checked up at the start of the new year it is predicted that this total will be boosted by several hundred as some of the larger Associations have yet to report the results of the first flush of the membership campaign.

President Paul Miller, after consulting with E. B. Moran, manager of the central division and director of the membership campaign, and Bruce R. Tritton, immediate Past National President, who is chairman of the membership committee, early in December announced in Chicago that the campaign will be continued through until the end of the Association's fiscal year and that he hopes by that time that the total increase in membership will be more than 10 per cent.

Several of the Associations have already reached a 10 per cent increase but have found through their membership efforts this fall that efforts put forth at this time to obtain memberships meet with ready success so the work of combing out the corners to obtain live prospects will be continued.

The program adopted by President James V. Marron, of the Philadelphia Association, is quite typical of plans adopted by other large progressive organizations. President Marron, with a group of Directors of his Association, made up an extensive prospect list. A large number of volunteer workers were assigned names from this prospect list so that during the period from Nov. 1 until the end of December every name on the list was at least called on the telephone and urged to investigate

the advantages of membership in the Credit Men's Association of Eastern Pennsylvania. Association Secretary J. Stanley Thomas reports that this method has been very successful in developing live leads so that personal calls can be made by members of the Membership Committee.

Association officers will find the January membership report issued by E. B. Moran, from the Central Division Office in Chicago, of special interest as it will show the percentage of gain made by each Association since the present membership campaign started.

Oklahomans Talk Over Post War Plans with University Professor

Oklahoma City: Dr. Cortez A. M. Ewing, Director of the School of Citizenship and Public Affairs, University of Oklahoma, spoke to the Dec. 8 meeting of the Association held in the Empire Room of the Skirvin Hotel. Dr. Ewing's subject was "The Post-War World." His address was followed by a round table discussion of world affairs.

On Dec. 16 the members of the Women's Wholesale Credit Club met at the home of the President, Opal Stemmer, Credit Manager of Brittain Brothers, for the annual Christmas party. This annual affair is one of the high points in the club's program. Gifts were exchanged following a buffet dinner.

Regulation "W" Is Amended on Housing

A bulletin issued on Dec. 2 by the Federal Reserve Bank of New York covers a revision of Regulation W and has to do with Installment Financing of Defense Housing. The bulletin explains the amendment as follows:

"Section 8(e) of Regulation W provides that the regulation shall not apply to any extension of credit to remodel or rehabilitate any structure which the Administrator of the National Housing Agency or his authorized agent shall designate as being for 'defense housing' as defined by the Administrator. Accordingly, Regulation W does not apply to any extension of credit to remodel or rehabilitate any structure which shall have been designated as being for 'defense housing' in accordance with General Order No. 60 4B of the Administrator of the National Housing Agency."

Nebraskans May Have Par Clearance Law

Omaha: The Legislative Committees of the Omaha and Lincoln Associations of Credit Men are discussing plans for introducing a bill in the Nebraska Legislature shortly after the first of the year to provide for the Par Clearance of Checks in this state. The bill as already discussed will follow about the pattern of the one recently adopted in Iowa.

One of the greatest needs of America's fighting men today is blood plasma to combat shock on the field of battle.

The greatest individual contribution which any American can make is a pint of blood which goes directly into the veins of a wounded solder as blood plasma to help bring him back to life and health.

Thousands of soldiers are living and fighting today because of contributions of blood. Many thousands will die in the battles immediately ahead unless millions of units of blood plasma are available to them when they need it. There must be 1,700,000 donations made during the remainder of 1943.

Businessmen throughout the country can aid materially in this program of actually giving a part of one's self to a soldier. Many of your employees are willing to act as blood donors. Will you help by encouraging them and giving them time to do so? "A donor for every star in the service flag" would be a fighting slogan in what has become a personal war for every one of us.

New York C.M.A. Has Good Start On Membership Drive

New York: The annual banquet of the New York Credit Men's Association will be held at the Waldorf-Astoria Hotel, probably on Feb. 8. The "probably" has to do with the uncertainty of obtaining a speaker. A special bulletin will be issued by the New York Association to its members as soon as definite plans have been completed.

The New York Association has joined wholeheartedly in the membership campaign. Earl N. Felio, of Colgate-Palmolive-Peet Company, who is serving as general membership chairman, has 13 subcommittees working with him. Chairman Felio and his committee have been successful so far to present 50 new members to the Board of Directors each month for the past three consecutive months. Up to the first of December a special effort was put forth during December to boost the total.

Army Officers Tell Of Termination at Dayton, O., Program

Dayton: Credit and financial executives of firms having war contracts found the discussion of the termination procedure for war contracts which was held on Dec. 9 under the sponsorship of the Dayton Chamber of Commerce and the Cincinnati Ordnance District specially valuable and instructive. Col. Joseph C. Shouvlin, Deputy District Chief of the Cincinnati Ordnance District, and Lt. Col. Forrest W. Smith, the Contracting Officer for the District, were on hand to answer questions relating to this all-important subject.

Milwaukee ACM Holds Annual Christmas Celebration December 21

Milwaukee: One hundred fifty-two members and friends of the Milwaukee Association of Credit Men, from Milwaukee, Racine, Sheboygan, Madison, West Bend, Oconomowoc, Janesville, Fort Atkinson and Belgium, gathered at the Hotel Schroeder, Tuesday, Dec. 21, at dinner for an evening of pleasure—the annual observance of Christmas.

President Frank G. Herbst presided, introducing those at the head table, among whom was Fred'k A. Schrop of the National office who read messages from National President Paul W. Miller and Executive Manager Henry H. Heimann.

The speaker of the evening was Mr. R. E. Pattison Kline, nationally known lecturer, and his inspirational address on the subject of "America and the Peace" was timely and well received.

Christmas gifts were distributed to lucky holders of tickets passed out earlier in the evening. Prizes were donated in a most liberal manner by association members whose generosity was individually recognized by President Herbst during the evening.

Secretary H. S. (Skip) Garness spoke briefly on Association activities and of the fine esprit de corps. He forecast active membership cooperation for the ensuing year.

Jerome Monasch Named President of N. Y. Paint Credit Men

New York: The Paint & Allied Industries Credit Association, an affiliated group of the Association, held its annual election of officers in December. Jerome Monasch of Lehman Bros., Inc., was elected president. The following officers and directors were also elected: William T. Stewart, of Benjamin Moore & Co., first vice president; Theodore H. Kleine, of Hilo Varnish Corporation, second vice president; William Rohs, Colonial Works, Inc., treasurer; and directors for three years, John C. Ball, M. Ewing Fox Co., Inc.; Victor Isaacs, Central Paint & Varnish Works; and Samuel Samuels, Eagle Paint & Varnish Works, Inc.

There are 75 participating members in this group, and they have been affiliated with the New York Credit Men's Association for the past 14 years.

Stag Party at Houston

Houston: The Houston Association of Credit Men celebrated at a Christmas stag party on Dec. 23 at the Ben Milam Hotel. The members of the Houston Association are just closing the very active membership campaign. This Association at the end of November was in seventh place, and we hope the records at the end of December when announced will show that we have moved up a notch or two.

N. Y. Downtown Textile Credit Group Holds Stag

New York: One of the highlights of the year was the annual stag of the Downtown Textile Credit Group which was held at the Pennsylvania Hotel on Dec. 3. This group, which is made up of cotton goods houses in this area, is headed by W. G. Willoschat of Hesslein & Co., and their monthly luncheon meetings held throughout the year attract very large attendances.

In December the speaker was Kennard Tibbitts of the National Credit Office, a widely known authority on the subject of contract terminations.

The January meeting will be addressed by Bernard Joffe, certified public accountant, who will cover the important subject of disincorporation under the tax laws.

The Downtown Textile Credit Group is very actively supporting the present membership drive of the National Association of Credit Men in securing new members.

Turkey Dinner at Cleveland Yule Party

Cleveland: Members of the Cleveland Association of Credit Men enjoyed the turkey dinner, dancing, entertainment and the distribution of a large quantity of Christmas presents at the annual Christmas party of the Association held at the main ballroom of the Cleveland Hotel on Dec. 15. A number of special door prizes were donated by members.

Formality Is Taboo At Chicago Yule Party

Chicago: The annual Christmas party of the Chicago Association of Credit Men was held at the Merchants and Manufacturers Club on Dec. 17. The party gathered at 6 o'clock for a general reception which was followed by dinner at 7 and dancing from 9 to 1. No speeches were made, and the Christmas party was decidedly informal. M. C. Hesse, of the Continental-Illinois Bank & Trust Company, was the chairman in charge of the arrangements for this annual party which proved very popular with the large crowd on hand for the celebration.

Public Speaking Class Is Offered in N. Y. C.

New York: The New York Chapter of the National Institute of Credit has announced a course in public speaking to be held on Tuesday nights for 15 sessions. The course is to be conducted by Professor James F. Clyne of New York University. Another course in Accounting 1 and 2 covering the principles of accounting is held on Mondays and Wednesdays, 30 sessions being conducted by Professor John F. Sullivan of New York University. Registration for these new classes are being received by Miss Caroline Olin, registrar of the New York City Chapter.

Rochester: The Rochester Association of Credit Men joined with the Rochester Retail Credit Association in their annual dinner meeting on Wednesday evening, December 8. J. Bruce Buckler, a staff member of the Educational Department of the International Business Machine Company, presented an interesting talk on "Vision for Victory."

W. F. Smith Is Named Chattanooga President At Annual Meet

Chattanooga: The CACM December dinner meeting was the annual Christmas party, ladies night and election of officers and directors. The Christmas party was in charge of F. E. Lancaster and W. S. Keese, Jr. Entertainment was furnished by Mrs. Etheridge Lawrence, violinist and Mrs. L. E. Hale, accompanist.

The ladies' attendance prize of a twelve pound dressed turkey was won by Mrs. L. A. McWhorter, and the men's attendance prize of a box of ties by Mr. Dudley C. Wiley.

Major A. G. Ashby, of the Salvation Army Citadel, was the principal speaker of the evening. He discussed his twenty-five years' experiences in Africa.

The following officers and directors were elected for the year 1944: W. F. Smith, The Chattanooga Medicine Co., president; C. R. Haemsch, Cavalier Corporation, 1st vice president; R. S. Porter, Thomas & Moore Dry Goods Co., 2nd vice president.

300 at Yule Party For Cincinnati ACN

Cincinnati: More than 300 members and friends of the Cincinnati Association of Credit Men gathered at the Netherland Plaza Hotel on Dec. 18 for the annual Christmas party. The committee arranged for reservations up to the day before the party and had everything in shipshape for the happy celebration. A large number of gifts were presented by various members which Santa Claus distributed in a novel fashion during the evening.

50 Attend Party Of N. Y. Paint Group

New York: Approximately 50 members and guests were present to enjoy the annual Christmas party of the Paint and Allied Industries Credit Association held at the Building Trades Employers' Association, 2 Park Avenue, New York City, on Wednesday evening, Dec. 15, 1943.

After a very fine dinner there followed an evening of holiday festivities featured by an excellent five-act floor show and entertainment provided by the Entertainment Committee.

Lexington Holds Christmas Party

Lexington: Lexington Credit Men's Association held its Christmas meeting at the Phoenix Hotel Dec. 13 with a large and enthusiastic attendance. President Frank J. Korb, Jr., presided. Among the visitors present were J. K. Scoggan, Treasurer-Manager of the Louisville Association, and four members of his staff. C. W. Stille of the WPB office officiated as Santa Claus and distributed the gifts. Dinner was followed by a floor show followed by dancing. Much credit is due the entertainment committee for their splendid program.

U. S. Supreme Court Rules Relief Act Is Not Blanket Bar

Washington: The United States Supreme Court on November 14th refused to review a decision by the Court of Appeals of New York State which was to the effect that an obligation incurred by a man in civil life could not be ignored when he entered the Armed Forces.

The point involved was the foreclosure of a mortgage. The owner had defaulted on his obligation for some time before his induction into the service. He sought to have the proceedings stayed on the ground that he was entitled to the benefits of the soldiers and sailors relief act. It will be remembered that the lower court ruled that the statute is to be liberally administered but that it is not to be employed as a means of enabling a person who has defaulted on his obligation in civil life to obtain indefinite delay because he was inducted into the Armed Services.

This view of the lower court was affirmed by the Court of Appeals and by denying a petition for a review, the United States Supreme Court now makes the decision of the Court of Appeals final in this case.

Henry Heimann Is Speaker at St. Louis Christmas Party

St. Louis: The annual Christmas party and dinner dance of the St. Louis Association of Credit Men was held on Dec. 18 in the Club Caprice of the Coronado Hotel. After a Christmas dinner, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, made an address. He was in St. Louis to visit his mother who has been quite ill. Following the dinner, music by the Radford Orchestra provided entertainment for dancing.

Oscar S. Dietz, General Electric Supply Corporation, has been elected president of the Adjustment Bureau of the St. Louis Association of Credit Men. H. A. Pecher, of Skinner & Kennedy Stationery Company, is vice-president.

E. B. Moran, Manager, Central Division, National Association of Credit Men, talked to the conference of the Associated at its meeting held on Dec. 21 at the DeSoto Hotel. Mr. Moran used as his subject "Credit's Fifth 'C'—Coverage." Many from the St. Louis Association attended this conference on insurance.

Credit Executive to Appear in Small Size

New York: Starting with the January issue, *Credit Executive,* the publication of the New York Credit Men's Association, will appear in pocket size and will be issued monthly rather than bi-monthly as during the past year. The decision regarding the shape and frequency of the New York magazine was made by the Board of Directors after canvassing the wishes of the membership. Members indicated that they wanted more frequent news about the Association in a concentrated form.

Chicago: E. B. Moran, Manager, Central Division, N.A.C.M., was the feature speaker at the Midwestern Sales Conference sponsored by the Chicago Sales Executives Club on November 18. Mr. Moran gave the keynote address at the afternoon session and then served as chairman at the evening session. He is President of the Chicago Sales Executives Club.

Banker Talks About Latin American Trade At New York Forum

New York: The December Forum of the New York Credit Men's Association was held at the Engineering Auditorium on Dec. 9. The meeting started at 5.45 and closed at 7.45. John B. Glenn, President of the Pan-American Trust Company in New York, spoke on "The New Significance of Latin America." Mr. Glenn spoke especially of the credit and financial aspects of Latin America. This forum meeting was presented in conjunction with the New York Chapter of the Robert Morris Associates.

Two Credit Courses Enrolling in New York

New York: The Credit Education Committee, at a recent meeting, decided to canvass the membership by a questionnaire to determine whether they would be interested in taking a concentrated course in taxes. The committee has discussed also the possibility of holding a seminar on either Spanish or insurance but tabled both in favor of the tax course. The response to date has been very favorable and the Education and Tax Committees will start to map out the course, which will probably be held this coming spring.

Heads New Orleans Zebras

New Orleans: G. E. Brister has been elected Exalted Superzeb of the New Orleans Herd of Zebras. Other officers elected were as follows: Most Noble Zeb, Emile Alt; Royal Striper, P. S. Kernion; Keeper of the Zoo, O. F. Desforges; Three Horse Power Burro, R. A. Piske; Zebretary, J. B. Charles.

Rail Man Talks Public Relations

New Haven: The New Haven Association held its annual Christmas party at the Union League Club with a dinner at 6.30. An interesting talk was made by Maurice Dugan, Special Representative of the New York, New Haven & Hartford Railroad, on the subject of "Public Relations."

Harry Wildstein Again Named to Head Garment Men

New York: The Garment Credit Conference Club, a club of 50 or more representatives of garment manufacturers, just closed an important year at its December meeting with the election of officers and a discussion of important tax matters. This group has a complete credit clearance service through the Association and claims the distinction of having originated the roundtable discussion plan. The houses represented in this group sell their products nationally with a sales volume running over the billion dollar mark.

At the annual election held during December, Harry Wildstein, of Joseph S. Cohen & Sons Co., was re-elected president; Edward L. Meyerson, of Aywon Dress Company, was elected first vice-president; Leon Leventhal, of Leventhal & Hurwitz, second vice-president, and Moe Joseph, of Monarch Garment Co., secretary; with Morton Landa, of Berkliff Undergarment Corp., treasurer.

Our Distaff Side

Milwaukee: Vice-President Sophia Baumgartel of the Milwaukee Credit Women's Club entertained the entire group of 31 members at her home Friday, Dec. 17. Buffet supper at 6.30, entertainment and wrapping of U.S.O. gifts (purchased by the group) in special Christmas papers made up the evening. The special committee in charge was: Hilda Hennig, Wadhams Oil Co.; Irene Harris, McKesson-Robbins, Inc.; Hazel Werner, Knudten Brothers, Inc.; Dorothy Leiske, Sherwin-Williams Co.; and Lydia Nelson, Andrae Auto Supply Co.

Minneapolis: The Christmas party of the Minneapolis Wholesale Credit Women's Club was held on Thursday evening, Dec. 9, at the Y. M. C. A. Lt. Dan Oredson of the United States Army Air Corps was one of the guests at the meeting and spoke on his experiences in North Africa and Italy. One of the high lights of his talk was the bombing of Rome.

Minneapolis is losing a valued member and true friend; Miss Melba Gahring leaves this month to join her family in California. She was presented with a watch as a token of the esteem of the members.

Position Wanted

"How to Preside" Is Study Subject for 30 Chicago Executives

Chicago: Thirty senior credit executives of The Chicago Association of Credit Men are attending a series of meetings conducted under the direction of the Educational Committee of the Association of which George E. Hedman, Kester Solder Company is Chairman. The subject of the series is "How to Preside at a Meeting." The instructor is R. E. Pattison Kline of Chicago.

The purpose of the course is to make those who attend better presiding officers of committees and groups. The class meets in the Association offices in the Merchandise Mart Monday evenings from 6.30 to 8.30 P. M., beginning Nov. 29 and closing Jan. 17.

The course is proving so successful that a second class is being organized. The first meeting will be held Tuesday evening, Jan. 18.

Natl. Director Jones Visits Santa Fe Group

Santa Fe: The Santa Fe group of the New Mexico Wholesalers Credit Association had as their guests at the regular December meeting held at the Original Mexican Cafe, National Director Emerson Jones and his wife of Lincoln, Neb.; also their daughter, Mrs. Ellis, wife of Major Ellis, stationed at Bruns Hospital in Santa Fe. Director Jones was guest speaker at the meeting and gave a most interesting talk on the benefits of Association membership, stressing the importance of Credit Education. He also spoke of the Credit Congress to be held in Omaha next May urging Santa Fe members to attend.

Obituary

Louis W. Peterson, long active in the affairs of the Chicago Association of Credit Men, passed away Dec. 14. He was formerly credit manager of the Gulbransen Company. Mr. Peterson served on the Board of Directors of the Association for four years. His daughter, Lois A., is the wife of H. H. Faulstich, the First National Bank of Chicago, who is second vice-president of the Chicago Association of Credit Men.

George E. Vertrees, for many years credit manager of the Northwestern Steel & Wire Company, Sterling, Ill., and an active member of the Chicago Association of Credit Men, passed away at his home in Sterling. Mr. Vertrees was widely known in National Association credit circles as he attended the annual conferences of the Association for many years.

Omaha Rations

Convention Director Fred Schrop is shown above during a recent visit at Omaha, where he tested the brand of "nice, juicy steaks" offered in the city which will be host to the War Credit Congress next May. Fred reports that these Omaha hotels still have plenty of food to serve their guests and that by next May the supply will be even more plentiful.

Henry T. Farrell Passes Tenth Milestone At Providence

Providence: Henry T. Farrell, Executive Secretary of the Rhode Island Association of Credit Men and Manager of the Adjustment Bureau, is just completing 10 years of service with the Rhode Island Association of Credit Men. In addition to serving the Association he has been a member of the Providence City Council for nearly 10 years and has also served on a number of important committees in the city government so he has contributed not only to the Association for the past 10 years but has also taken a prominent part in civic affairs.

Congratulations

Binghamton: The Triple Cities Chapter of the Institute of Credit is just starting on the 1944 lap of its program of educational classes with a total registration of 63. This registration compared with the total membership of the Triple Cities Association of Credit Men sets out this chapter as one of the best organized in the Association. In the matter of percentage of enrollment as compared with Association membership, this Binghamton Chapter will come close to topping the entire roster of the National Institute of Credit.

Five Lectures on Insurance Slated By Chicago "C" Men

Chicago: Under the direction of the Educational Committee of the Chicago Association of Credit Men, of which George E. Hedman, Kester Solder Company, is Chairman, the Insurance Committee of the Association will conduct a course in insurance. G. H. McClure, Lumbermens Mutual Casualty Company, is chairman of the Insurance Committee.

The course will be given as follows:

Jan. 31—"Present Trends and Values," Walter M. Sheldon, vice-president, W. A. Alexander & Co. and president of the Chicago Board of Underwriters.

Feb. 7—"Compensation Insurance," E. N. Lashmet, vice-president, Liberty Mutual Insurance Company.

Feb. 14—"General Liability," G. B. Hofmeister, vice-president, Continental Casualty Company.

Feb. 21—"Bonds, Surety and Fidelity," B. J. Nietschmann, Chicago manager, National Surety Corporation.

Feb. 28—"Boiler and Machinery," George Bonstelle, vice-president, Lumbermens Mutual Casualty Company.

The course will close with a dinner meeting Monday evening, March 6.

Buffalo Yule Party Draws Big Crowd; Women Aid Program

Buffalo: On Tuesday, Dec. 14, the Credit Men's Association of Western New York held its Christmas party in the Stanford White Room of the Hotel Markeen. It was sponsored by the Petroleum Credit Group of the Association, under the leadership of its chairman, D. R. Brown of the Gulf Oil Corp., assisted by A. C. Cater of Socony-Vacuum Oil Co., Inc., W. A. Foote of The Texas Company, E. H. Hutchins of Sun Oil Co and L. P. Gernold of Frontier Fuel Oil Corp. H. P. Mattulke of General Electric Supply Corp. was in charge of dancing and announcements. The Women's Credit Group, headed by its president, Alberta J. Woodward of Holland Paper Company, Inc., took an active part.

Chicago Exporters To Join Conference On World Trade

Chicago: The Chicago Association of Credit Men will cooperate with the Export Managers Club of Chicago and the Chicago Association of Commerce at a luncheon in the LaSalle Hotel, Thursday, Jan. 13, when the speaker will be Colonel F. R. Kerr, Deputy Chief of Army Post Exchange Service.

The Association will also cooperate with the other two organizations in the annual Chicago World Trade Conference to be held at the LaSalle Hotel, Monday, Feb. 14.

8 Chicago Women Win Awards in Course on Credits

Chicago: The prize winners in the annual course in credits and collections conducted by The Chicago Association of Credit Men in cooperation with the Credit Women's Club of Chicago and the Central YMCA College were:

Mrs. Alverne A. Ahrens, Inland Steel Container Co.

Miss Oakley Brittelli, Zion Industries, Inc.

Miss Florence Burt, R. C. A. Victor Distributing Corp.

Miss Alice D. Ream, Universal Venetian Blind Co.

Ivan N. Anderson, Anaconda Wire & Cable Co.

John J. McCarthy, Lindberg Steel Treating Co.

G. T. Ranson, Wilson Sporting Goods Co.

George C. Warner, Land O'Lakes Creameries, Inc.

Eight half-scholarships in the Central YMCA College were presented to the winners by the Chicago Association of Credit Men. The Credit Women's Club of Chicago also presented to the four young women a half-scholarship in addition to the books for the course. The scholarships were presented at the closing dinner of the course by Miss Ruth C. Johnson, President of the Credit Women's Club of Chicago, and George E. Hedman, Chairman of the Educational Committee.

Finance Officers Urged to Study Arbitration Value

With victory coming nearer every day, among the many subjects challenging the attention of financial officers is the cancellation of war contracts. America's problem No. 1 of unemployment and its problem No. 2 of the cancellation of war contracts are closely bound together; for *no orders* means *no jobs*.

There will be many plans for expediting the adjustments under war contracts. Many of them, as in the last war, will be settled by negotiation between the contracting officers and the contractor. But fair and just policies and machinery are needed even for negotiated settlements if business men are to receive prompt aid in the industrial reconversion to peace-time production and sales.

In the war effort, especially in small business concerns that have converted their all into winning the war, there is going to be need for ready cash if business is to go on without interruption and jobs are to be held steady.

But not all contracts can be settled by negotiation. Some will lead to controversy. If allowed to go unsettled, these controversies may drag through the courts for years and the industry be ruined and its leaders lost in the process of settlement.

The whole question of the settlement of war contracts is going to be an American problem for months or years to come, unless Americans get behind some united plan and drive for relief. It is more complicated than it seems. Shall there be one over-all policy board and plan, or shall each department proceed along its own way? Shall there be an appeal by the business man when negotiations fail or he believes he has had a raw deal? How will the business continue while the Government is getting ready to pay? Shall the plan be set up by Congress or by Executive Order?

These are urgent questions that young business men should discuss and understand. The cancellation avalanche, in the face of predicted Victory, has already started on its stride.

For as the arteries of American trade run through this whole hemisphere, the relief from controversy must be set at every point that our industry touches.

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WACO, Texas.—Waco Wholesale C.M.A., Inc.; Secy.-Treas., W. H. Arnold, P. O. Box 1010.
WASHINGTON, D. C.—Washington A.C.M., Inc.; Secy.-Mgr., George A. Wilkinson, 815 15th St., N.W., The Bowen Bldg. (5).
WATERBURY, Conn.—Waterbury A.C.M.; Secy., Geo. E. Moseley, 27 Hillcrest Ave., Watertown, Conn.
WATERLOO, Iowa.—Waterloo A.C.M.; Secy., Miss Helen Davis, 314 Insurance Bldg.
WHEELING, W. Va.—Wheeling A.C.M.; Secy., E. K. Pfeil, 204-205-206 Nat'l Bank of W. Va. Bldg.
WICHITA, Kans.—The Wichita A.C.M., Inc.; Secy.-Treas., M. E. Garrison, 502-6 Bitting Bldg. (2).
WORCESTER, Mass.—Worcester County A.C.M.; Secy., Albert M. Pierce, c/o Gilman & Moffett Co., 207 Main St. (8).
YOUNGSTOWN, Ohio. — The Youngstown A.C.M.; Secy., Bruce R. Black, 1206 Central Tower (3).

Index of 1943 Articles

Features Appearing in Credit and Financial Management During Past 12 Months

Business Thermometer

Wholesalers' Sales, Inventories, and Credits

October 1943

Reports from 2,776 wholesalers representing most kinds of business throughout the country showed sales for October 1943 down 6 per cent from those of October 1942, according to an announcement released today by J. C. Capt, Director of the Census. For the first 10 months of this year, dollar volume was 4 per cent over that of the corresponding period of 1942, and for this October compared with the preceding month, sales remained almost unchanged.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census. Detailed figures are presented in the following tables in summary for the United States and, insofar as the data permit without disclosing individual operations, by geographic divisions.

For October 1943 over October 1942, of the 35 trades shown separately in this survey, 17 recorded sales gains from a slight (2%) increase for voluntary-group wholesalers of groceries and foods to a substantial rise of 23% for wholesalers of automotive supplies. Beer wholesalers reported a 22% sales gain; paper and its products, leather and shoe findings, and farm supplies, each 21%; coal, 15%; metals, 13%; and specialty lines of groceries and foods, 12%. A 9% gain was reported by wholesalers of clothing and furnishings, except shoes; 8%, full-line wholesalers of groceries and foods; 6%, tobacco and its products; and 5% each, paints and varnishes, and drugs and sundries. Sales remained practically unchanged from last October's volume for dealers in wholesale general hardware, were down 9% for wholesalers of meats and meat products, 16% for lumber and building materials, 25% each for shoes and other footwear and for electrical goods wholesalers, and 32% for wholesalers of wines and liquors.

Inventories, in terms of dollars based on cost values, at the close of October 1943 were 6% lower than those of October 31, 1942, the fifteenth consecutive month that inventories have been smaller, on a year-to-year comparison. Compared with stocks held on September 30 this year, almost no change was noted at the end of October.

The stock-sales ratio for wholesalers at the end of this October was 105 as against 104 for last October and 104 for September 1943. Wholesalers of confectionary, with sales down 7% and inventories down 15%, showed a stock-sales ratio of 56 this October as against 58 last October. With sales up 7% and inventories up 28%, wholesalers of surgical, medical, and hospital equipment and supplies revealed a stock-sales ratio of 133 for October 1943 and 110 for October 1942. Wholesalers of jewelry noted an 8% decrease in sales and virtually no change in inventories, with a stock-sales ratio of 151 for October 1943 and 138 for last October. Plumbing and heating supplies, with 25% less dollar volume and 12% less inventory, had an October 1943 stock-sales ratio of 117 and an October 1942 ratio of 98. Sales were up 15% for optical goods wholesalers and inventories were down 18%, reflected in a stock-sales ratio of 72, as against 103 for October a year ago. Of the 35 trades for which stock-sales ratios are shown, 13 showed increases, October 1943 compared with October 1942.

Collections on accounts receivable were 21% higher for this October than for October 1942, and almost 6% over those of September this year. The collection percentage for October 1943 was 115; for October 1942, 95; and for September 1943, 109. Accounts receivable were 19% less on October 1, 1943, than on October 1, 1942; but at the beginning of this October compared with September 1, 1943, virtually no change was noted.

Wholesalers' Sales and Inventories—October 1943

Kind of Business	Sales—Current Month				Sales—Year-to-Date		Inventory—End-of-Month (At Cost)				Stock-Sales Ratios a		
		Percent Change						Percent Change					
	Number of firms reporting sales	October 1943 vs. October 1942	October 1943 vs. Sept. 1943	October 1943 (Add 000)	Percent change from 10 Mos. 1942	Ten Months 1943 (Add 000)	Number of firms reporting stocks	October 1943 vs. October 1942	October 1943 vs. Sept. 1943	Oct. 31, 1943 (Add 000)	Oct. 1943	Oct. 1942	Sept. 1943
United States	2,776	− 6	+ 1	$311,746	+ 4	$3,610,255	1,718	− 6	+ 1	$202,147	105	104	104
Automotive Supplies	188	+23	+ 6	5,039	+11	52,992	89	−12	− 1	3,036	139	188	142
Chemicals (industrial)	18	−10	+ 2	927	+ 6	21,503	14	+ 8	+ 2	637	92	76	92
Paints and Varnishes	61	+ 5	− 1	3,590	+ 1	38,896	15	− 3	− 3	1,264	169	186	156
Clothing and Furnishings, except Shoes	46	+ 9	−11	4,619	+13	40,628	22	−36	− 7	727	78	108	71
Shoes and Other Footwear	28	−25	−14	16,019	− 3	167,295	17	−25	− 7	3,296	42	50	43
Coal	10	+15	− 3	2,043	+35	14,614	5	−12	+18	1,171	86	112	74
Drugs and Sundries (liquor excluded)	137	+ 5	+ 1	27,595	+15	265,877	105	+15	+ 1	33,456	153	140	152
Dry Goods	93	− 7	b	19,046	+17	198,348	48	−24	− 3	14,531	115	145	120
Electrical Goods	311	−25	− 3	22,740	−25	259,854	265	−28	+ 2	13,378	64	67	60
Dairy and Poultry Products	40	− 2	− 5	3,580	+19	35,740	23	+ 8	+ 5	962	42	41	39
Fresh Fruits and Vegetables	87	+16	− 3	4,643	+32	58,814	58	− 9	+ 8	831	24	29	21
Farm Supplies	14	+21	−13	840	+32	12,300	7	+19	+12	337	114	153	99
Furniture and House Furnishings	52	−26	−10	3,928	− 8	71,911	26	+49	+30	2,301	125	158	81
Groceries and Foods, except Farm Products	602	+ 6	+ 2	64,755	+12	716,341	366	− 1	+ 5	41,147	114	122	110
Full-line Wholesalers c	305	+ 8	+ 1	27,644	+14	288,748	178	− 1	+ 7	17,798	113	124	107
Voluntary-group Wholesalers	141	+ 2	+ 1	22,757	+ 8	244,118	95	+ 1	+ 4	16,218	141	145	134
Retailer-cooperative Warehouses	21	b	− 8	5,008	+ 6	46,512	14	− 4	+ 4	3,213	100	99	92
Specialty Lines	135	+12	+11	9,346	+20	138,963	79	− 6	− 1	3,918	69	81	77
Confectionery	42	− 7	+ 4	822	+36	11,639	22	−15	+10	292	56	58	53
Meats and Meat Products	81	− 9	+10	34,080	− 1	346,053	50	+ 1	+16	6,854	54	40	46
Beer	68	+22	− 2	1,976	+24	20,442	50	−32	+18	389	24	43	20
Wines and Liquors	27	−32	+14	5,350	+27	88,787	20	−22	+ 3	4,654	100	85	111
Liquor Department of Other Trades d	36	−31	+ 6	7,717	+ 7	70,499	35	+45	+10	10,879	141	68	136
Total Hardware Group	350	− 8	+ 1	38,027	− 7	459,599	223	−15	− 3	36,643	146	158	150
General Hardware	140	− 1	+ 1	23,833	− 7	270,926	89	−16	− 4	25,862	155	183	160
Industrial Supplies	102	−12	+ 1	8,953	b	130,501	68	−10	− 2	7,846	131	126	136
Plumbing and Heating Supplies	108	−25	− 4	5,241	−17	58,172	66	−12	+ 1	2,935	117	98	113
Jewelry	38	− 8	+ 9	2,593	+ 7	23,532	21	+ 1	− 5	2,128	151	138	174
Optical Goods	17	+15	− 3	338	+19	3,462	7	−18	− 4	76	72	103	76
Lumber and Building Materials	56	−16	− 7	4,967	− 8	50,764	37	− 6	+ 1	2,787	84	72	79
Machinery, Eqpt., and Supplies, except Electrical	55	− 8	− 5	2,357	− 5	35,922	40	−12	+ 3	2,304	113	120	108
Surgical, Medical, and Hospital Eqpt. and Supplies	22	+ 7	− 3	1,035	+22	13,214	14	+28	+ 1	1,132	133	110	127
Metals	31	+13	− 1	4,001	+11	58,386	16	+47	+ 5	4,408	157	128	152
Paper and Its Products	87	+21	− 1	7,129	+ 7	73,979	43	−13	− 4	3,727	97	138	103
Petroleum	10	− 9	+ 6	667	+10	197,683	5	− 6	− 2	310	52	60	56
Tobacco and Its Products	131	+ 6	+ 7	18,484	+13	172,132	54	+ 8	+17	6,084	61	61	79
Leather and Shoe Findings	18	+21	+11	355	+14	4,501	10	−23	− 4	237	127	196	143
Miscellaneous	20	− 6	− 2	2,484	+ 5	24,548	11	+ 7	− 3	2,169	222	231	228

a These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms. b Less than 0.5 percent.
c Not affiliated with voluntary or cooperative groups. d Chiefly of the wholesale drug trade.

Wholesalers' Accounts Receivable and Collections—October 1943

Kind of Business		Collection Percentages a			Accounts Receivable		
					Percent change		
	Number of firms reporting	October 1943	October 1942	September 1943	October 1943 vs. October 1942	October 1943 vs. Sept. 1943	As of October 1, 1943 (Add 000)
United States	2,250	115	95	109	−19	+ 1	$232,068
Automotive Supplies	148	95	83	93	+ 6	+ 3	3,415
Chemicals (industrial)	16	106	104	98	+ 6	− 2	770
Paints and Varnishes	28	71	62	67	− 4	+ 1	1,386
Clothing and Furnishings, except Shoes	42	88	65	90	−15	+ 6	5,584
Shoes and Other Footwear	25	86	75	75	−22	+ 2	10,060
Coal	10	101	99	101	+10	− 1	2,068
Drugs and Sundries (liquor excluded)	126	102	87	104	− 7	+ 9	23,415
Dry Goods	83	77	63	73	−24	+ 1	23,573
Electrical Goods	274	81	72	77	−30	+ 1	28,744
Dairy and Poultry Products	27	162	144	169	−15	− 6	1,701
Fresh Fruits and Vegetables	70	168	151	180	+11	+ 8	1,928
Farm Supplies	10	150	133	161	+44	+14	447
Furniture and House Furnishings	43	94	67	84	−36	−10	4,275
Groceries and Foods, except Farm Products	452	158	128	160	−16	+ 4	31,798
Full-line Wholesalers b	218	147	123	148	−12	+ 4	14,243
Voluntary-group Wholesalers	112	163	132	165	−19	+ 1	10,954
Retailer-cooperative Warehouses	18	216	208	251	− 2	+13	2,044
Specialty Lines	104	151	105	145	−24	+ 6	4,557
Confectionery	23	133	108	130	−26	+ 3	396
Meats and Meat Products	75	259	207	194	−25	−11	13,966
Beer	23	165	119	162	−14	− 4	349
Wines and Liquors	21	152	98	158	−39	+22	2,830
Total Hardware Group	327	91	80	87	−22	− 5	37,853
General Hardware	129	96	81	90	−24	− 8	22,323
Industrial Supplies	92	88	84	86	−14	− 4	8,942
Plumbing and Heating Supplies	106	80	74	79	−23	+ 6	6,588
Jewelry	29	60	43	57	−29	+ 8	2,445
Optical Goods	14	113	90	114	− 5	− 1	234
Lumber and Building Materials	51	93	95	96	− 8	+ 7	5,061
Machinery, Equipment, and Supplies, except Electrical	47	95	78	88	− 3	− 1	2,438
Surgical, Medical, and Hospital Equipment and Supplies	20	51	64	60	+33	+ 5	1,707
Metals	29	121	123	115	+15	+ 4	3,496
Paper and Its Products	75	83	76	81	+18	+ 3	7,459
Petroleum	7	160	132	159	−39	+ 2	336
Tobacco and Its Products	90	180	143	181	−14	+ 5	7,631
Leather and Shoe Findings	17	96	71	96	−16	+ 6	322
Miscellaneous	48	141	92	147	−36	+17	6,382

a Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.
b Not affiliated with voluntary or cooperative groups